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Kozyrev Attends 'Contact Group' Meeting on Bosnia

Opposes 'Massive' Air Strikes

LD2207105895 Moscow ITAR-TASS in English 1028 GMT 22 Jul 95

[By Yuriy Kozlov and Igor Polskiy]

[FBIS Transcribed Text] London July 22 (ITAR-TASS) — The proposal of massive air strikes on Bosnian Serb positions near Gorazde and other Moslem enclaves did not find general support at the international meeting on Bosnia which finished in London on Friday, Russian Foreign Minister Andrey Kozyrev told a news conference.

Recounting results of the meeting, Kozyrev said the Russian delegation expressed opposition to the use of force which is fraught with making UN peacekeeping forces a party in the conflict.

A lack of consensus on military aspects of the Bosnia problem prevented the meeting participants from passing a final document.

However, Kozyrev said, the London meeting was an important international event which allowed Western powers to compare their stances and mobilize efforts to recruit the potential of peaceful measures for settlement. This potential is far from exhausted, Kozyrev stressed.

He said this was indicated by the last trip to Sarajevo of Carl Bildt, the European Union's coordinator of the negotiation process.

Russian and American mediators are pursuing the same policy in the conflict region.

Kozyrev said he thought it is time to pool their efforts and set up "a group of three" which might use a single mandate of the five-nation Contact Group.

Asked about the role of Belgrade in the settlement of the Bosnia conflict, Kozyrev said the sanctions against former Yugoslavia need be relaxed soon. This would be an efficient lever in the settlement process.

Defence Minister Pavel Grachev told the conference that the assessment of U.N.'s treatment of all parties in the conflict must be objective. He said Croats and Moslems were largely responsible for conflict escalation. Grachev said there is the need for a clearer definition of the status of "safe zone" and for their complete demilitarisation. He said the use of these zones for regrouping of forces or as a starting ground for combat must be prevented.

Grachev hailed the decision of the London meeting to keep U.N. peacekeepers in Bosnia and Hercegovina and expressed a readiness to send an additional contingent of Russian peacekeepers to the region.

Grachev said the peacekeepers' mandate should be broadened to make peace policing more efficient. He said there is the need for a standing consultative body, a kind of military headquarters with participation of all states which send peacekeepers to former Yugoslavia.

The Russian defence minister said air strikes and the use of the Rapid Reaction Force in combat would be counterproductive. According to Grachev, the warring parties are too close to each other, and this does not provide a sufficient radius of safety for the air strikes. On the other hand, military clashes with the Serbs on the ground would be "military insanity" which would lead to new victims, Grachev said.

Kozyrev and Grachev recalled the recent initiative of President Boris Yeltsin who proposed a summit of G7 leaders for discussion of political solutions to the Bosnia conflict.

Regrets Remaining 'Differences'

LD2207170595 Moscow ITAR-TASS World Service in Russian 1623 GMT 22 Jul 95

[By ITAR-TASS diplomatic correspondent Yuriy Kozlov]

[FBIS Translated Text] Moscow, 22 Jul (ITAR-TASS) — Attempts to turn the London meeting on Bosnia into some kind of "conference for declaring aerial war" in Yugoslavia and to "bind" Russia into a scenario based on force were unsuccessful. Journalists from Russia were told this today by Russian Foreign Minister Andrey Kozyrev just before he flew out of the British capital. In his view, the Russian delegation managed to turn the debate in the direction of peace and point it toward the discussion of political approaches.

Even so, the Russian foreign minister admitted, it did not prove possible to draw up a joint final document. Differences remain, he added, and, regrettably, some states are interpreting the outcome of the conference as a mandate for unilateral actions and for going over to strong-arm methods. The minister stressed that Russia will continue to hold out for the political option and to advocate a just and balanced solution to the Yugoslav crisis.

This opportunity, Andrey Kozyrev said, will be provided by negotiations to find a political solution. Russia, the other members of the Contact Group, and also the European Union should pool efforts to hold such negotiations. "However," he said, "right now our Western partners, unfortunately, are artificially reining back the political process."

The Russian minister pointed to Friday's session of the Contact Group, at which Carl Bildt, EU negotiations coordinator and former Swedish prime minister, presented a peace plan close to being endorsed. Despite this, some countries thought it early to conclude a political accord. As a result, the Contact Group, like the London meeting on Bosnia, was unable to agree.

Yet Kozyrev still thinks the talks have been extremely useful, because they made it possible to compare various approaches and to draw on the military expertise of many countries' defense ministers to prove the senselessness of trying to resolve the conflict by force. It remains to be hoped that the "seed grain" sown in London will grow strong and make it possible to avoid confrontation and help good sense to prevail.

Urges 'Political Alternative'

LD2207183795 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 22 Jul 95

[From the "Novosti" newscast]

[FBIS Translated Excerpt] The former Yugoslavia is once again very much in the news on the international scene. No one has yet found a way out of the existing situation. On the whole, no solution for the Yugoslav situation was offered in London. [passage omitted]

[Begin Foreign Minister Andrey Kozyrev recording] It is, of course, not a question of looking for the guilty party. It is a question of finding how best to approach the issue, and I think that after all, ours is the most balanced position. We are not trying to protect anyone; neither do we present a biased approach. We do not allow the war to be stirred up. So a political alternative does exist, and we shall press for it. [end recording] [Video shows London street scenes, Kozyrev in shirtsleeves speaking to reporters in a hall]

To Meet Serbian President in Belgrade

LD2407110495 Moscow ITAR-TASS World Service in Russian 1021 GMT 24 Jul 95

[By ITAR-TASS correspondent Ivan Ivanov]

[FBIS Translated Text] Belgrade, 24 Jul (ITAR-TASS) — The latest developments in Bosnia-Herzegovina are to be discussed by Serbian President Slobodan Milosevic and Russian Foreign Minister Andrey Kozyrev, who arrives in Belgrade this evening. The ITAR-TASS correspondent has learned this from the Russian Embassy in Yugoslavia.

At the talks, the head of Russian diplomacy is expected to advise Milosevic of the results of last Friday's [21 July] London meeting of foreign and defense ministers from the member states of the "Contact Group" on Bosnia and the 11 countries whose military contingents are involved in peacekeeping operations in Bosnia.

Russian Ambassador to NATO Vitaliy Churkin; Aleksandr Zotov, the Russian president's special representative for the affairs in former Yugoslavia; and high-ranking representatives of the Russian Army general staff are to arrive in Belgrade together with Kozyrev.

Kozyrev intends to return to Moscow on Tuesday morning [25 July].

Baltic Leaders To Meet in Tallinn in Sep

WS2407094295 Tallinn ETA in English
1653 GMT 23 Jul 95

[FBIS Transcribed Text] Presidents of the Baltic countries are going to meet in the first week of September in Tallinn, president's councillor Kaja Tael told ETA.

The meeting of Estonian President Lennart Meri, and his Latvian counterpart Guntis Ulmanis and Lithuanian colleague Algirdas Brazauskas was discussed in Tallinn on Friday by councillor of the Lithuanian President Justas-Vincas Paleckis and Estonian government officials.

The last meeting of the Presidents in Jurmala, Latvia, was the most effective and open on the estimation of Paleckis. Free trade agreement, border-crossing, migration, joint policies on refugees from Asia and other parts of the world, international problems were discussed in Jurmala.

The same topics would be discussed at the Tallinn meeting, Paleckis said.

Baltic Ministers Explain Environmental Cooperation

WS2407094595 Tallinn ETA in English
1716 GMT 21 Jul 95

[FBIS Transcribed Text] Estonian Environment Minister Villu Reiljan, and his Latvian and Lithuanian counterparts Indulis Emsis environmental cooperation between the three Baltic countries on Friday in Tallinn. [sentence as received]

Reiljan said it was a frame agreement establishing environmental cooperation between the Baltic countries, in the future to be coordinated by Baltic Council of Ministers.

The main clauses of the agreement deal with economical use of natural and mineral resources, protection of the sea, reduction of environmental waste crossing borders of the countries, coordination of the problems of refuse economy, cooperation in environment-safe technology and exchange of experiences in juridical matters. The agreement practically covers all matters of environment and nature protection, opening a way for future cooperation in the framework of the Baltic Council of Ministers. The agreement does not concentrate on mutual control of the environment but information exchange, Reiljan said.

Lithuanian Environment Minister Bronius Badauskas considered that information exchange between the Baltic countries very important. He said a joint monitoring system should be established in order to discover pollution in time. Badauskas said environmental norms exist in all three countries but they just need harmonisation.

Commenting on information of the press on polluted Daugava River, Latvian Environment Minister Emsis said that as long as the inhabitants of Riga are not in danger, other countries do not have to fear, as Riga gets its drinking water from the river. Emsis assured new and modern water purification devices have been installed for purification of Daugava River and another 100 million U.S. dollars is expected from the World Bank in support of the project next year. Similar investment project is in preparation for the town of Daugavpils with a 60 million U.S. dollar loan from World Bank.

All three ministers said their countries suffered from pollution and damage caused by the Russian troops, and a joint Baltic politics was necessary in that field.

Reiljan said Russian troops left after them in Estonia 85.000 hectares of polluted ground, forming 5 per cent of the Estonian territory. Emsis claimed a similar situation in Latvia with 100.000 hectares of damaged nature. Surface waters have been polluted in many places and near Russian military airports water taken from the wells burns like gasoline. The biggest Latvian problem is Liepaja Port. "We don't have sufficient finances nor good projects for cleaning the water," Emsis said.

ITAR-TASS Carries Press Review for 22 Jul

LD2207060995 Moscow ITAR-TASS in English
0519 GMT 22 Jul 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] Moscow July 22 (ITAR-TASS) — Newspapers focus their attention today on the talks on the settlement of the Chechnya conflict, which have been keeping public opinion of the country in a state of tension for about a month, ROSSIYSKIYE VESTI writes. Commenting on the developments at the talks in Groznyy, the newspaper, which is close to the presidential circles, stresses that "the wording of the definition of Chechnya's status became a stumbling block on the way to peace." Although the sides agreed to impose a moratorium on combat operations, provocations, night shootings and the death of people show that the war in Chechnya is still going on, ROSSIYSKIYE VESTI correspondent Aleksandr Ryabushev writes. I had the impression all the time that there are some forces both in Moscow and in Groznyy, which do not want bloodshed to be stopped, he stresses.

KRASNAYA ZVEZDA writes that Dudayev's gunmen, who openly ignore the declared armistice, have become more active over the past several days, while

ROSSIYSKIYE VESTI comes to the conclusion that "the procrastination of the talks is advantageous for Dudayev and his men. They have already managed to redeploy their units and reinforce the army." According to the newspaper, Dudayev has now at his disposal about 10,000 men.

Sergey Chugayev comments in IZVESTIYA on the results of the "parliamentary year." His commentary is entitled "Duma of Transitional Period Fulfilled Its Mission." He believes that the beginning of the recess at the lower chamber of the Russian parliament actually means the end of the work of the fifth Duma. "The Duma turned out to be no better and no worse than the Government or the President's administration. Its level is absolutely on a par with theirs. The same as in the executive structures, no bright personalities emerged in the Duma," the newspaper writes.

ROSSIYSKAYA GAZETA, the newspaper of the Government, tries to prove that "Chernomyrdin's electoral bloc 'Russia, Our Home' and the Government are not the same thing." Leonard Vid, head of the executive committee of the movement, said in an interview with the newspaper that "we are acting on our own, independently from the Government. Moreover, I would describe our attitude to it as critical solidarity. Our platform is far broader than the economic programme of the Cabinet of Ministers. We have our own opinion on political, economic and social matters."

KOMSOMOLSKAYA PRAVDA frontpages an article under the intriguing headline: "Can Shamil Basayev Steal Atomic Bomb?" And really, can terrorists of all kinds get hold of nuclear weapons, and how real is the danger of a nuclear apocalypse in this country? Viktor Roshchin, deputy head of the Main Department for the Protection of Information, Nuclear Materials and Facilities of the Ministry of Atomic Energy, answers these questions in his interview. "It is absolutely impossible," he says. "Russia has a highly effective system of guarding and protecting nuclear facilities, munitions and materials."

SOVETSKAYA ROSSIYA responded to a report of the Ministry of Railways about another growth of the prices of railway transportation with a bitter caricature. "Now it is less expensive for a family to go to the Canary Islands that to go to their own plot of land outside the city," says the inscription under the caricature.

RABOCHAYA TRIBUNA again writes about the problem of alcoholism in this country. Who become drunkards in Russia and for what reasons? These questions are answered in the newspaper by Anatoliy Shevchenko, chief specialist on narcotics at the Ministry of Public Health. He writes that drunkeness has swept the whole country. Neither moral standards, nor religious norms are working. People fall ill with alcoholism 27.7 per cent more often than before.

'Complete' Understanding With U.S. on Arms to Iran

LD2207134795 Moscow INTERFAX in English 1310 GMT 22 Jul 95

[FBIS Transcribed Text] Moscow, July 22 (INTERFAX) — The recent sitting of Chernomyrdin-Gore commission in Moscow has found solution to the issue on Russia's fulfillment of commitments of the former USSR providing for the supply of military equipment and spare parts to Iran, aide of the Russian prime minister on international affairs Mikhail Tarasov declared in an interview with INTERFAX.

However, he preferred not to reveal the essence of the Russian-American agreement. "However, I can say that we have found a complete mutual understanding on this issue," Tarasov underlined.

Speaking about supply of light water reactors to Iran, Tarasov expressed the opinion that Moscow should fulfill its obligations on this contract not only because it will bring a substantial material benefit to the country but because "this is the issue of the country's prestige." "As a matter of fact, in this case, as well as in the case with spare parts we solve the issue whether Russia is a reliable partner," Tarasov underlined.

He noted that the recent sitting of Chernomyrdin-Gore commission in Moscow also focused attention on this subject.

"The Americans oppose any contacts with Iran. They have introduced embargo on the trade with this country for the American companies and tried to force America's European allies to do the same. They have conducted work with Russia as well, focusing attention on the problem of nuclear non-proliferation," Tarasov said.

He underlined that Iran is Russia's closest neighbor. "It is much closer to us than the United States. That's why Moscow itself is interested that nuclear nonproliferation is observed in its all aspects," Tarasov said.

He also reported that there is still no solution to the issue on reactors' supply to Iran. "However, positions of the countries have substantially neared," he said.

In his words, the Russian prime minister and the US vice president commissioned experts of two countries to find a mutually acceptable variant. "Chernomyrdin and Gore believe that it is necessary to find such a wording which will satisfy both parties," Tarasov said.

He pointed out that "probably, it will be a list of the equipment which Russia will supply to Iran and which will not arouse and objections on the part of the United States." "We must near our positions in appropriate aspects and they - in some other aspects," Tarasov said.

Moscow Radio: Ties With Tehran 'Remarkably Improved'

LD2307103895 Tehran IRNA in English 1004 GMT 23 Jul 95

[FBIS Transcribed Text] Tehran, July 23, IRNA — Tehran-Moscow relations have remarkably improved specially after the conclusion of the agreement for the completion of Bushehr atomic power plant between the two countries, Radio Moscow reported Saturday.

It added that the U.S. has repeatedy made efforts to convince Moscow to withdraw the agreement but each time Moscow has rejected the opposition.

It further quoted deputy Russian energy minister as saying that the Russian Government is determined to promote its relations with the Islamic Republic of Iran.

The official noted that Tehran is also willing to expand bilateral ties with Moscow and to this end has proposed for exploration and exploitation of oil within its territory as well as in other regional states through establishment of joint ventures, the report added.

It underlined that many Westerners believe that the U.S. President Bill Clinton has magnified issues about Iran under such false pretexts as Tehran attempting to get access to nuclear weapons.

Experts from the International Atomic Energy Agency (IAEA) have several times inspected nuclear installations in the Islamic Republic and have underlined Iran's peace-seeking purposes.

The radio said that the American Conoco company terminated its oil contract with the Islamic Republic under the U.S. pressure but the French company Total, replacing Conoco, signed an agreement with Iran last week.

However, in a harsh reaction towards the deal, Washington sent a message to the French Government calling on Paris to cancel its cooperation with Iran, it said.

Karasin Cited on Russian Stance on ABM Treaty

MK2207093695 Moscow SEGODNYA in Russian 22 Jul 95 p 2

[Report by Leonid Velekhov: "United States Charges Russia With Refusal To 'Clarify' ABM Treaty. Russian Federation Foreign Ministry: Work on 'Clarification' Is Taking Its Normal Course"]

[FBIS Translated Text] The WASHINGTON TIMES has reported that Russia turned down, in a secret diplomatic note, the United States' proposal to "clarify" and "state more precisely" some of the points in the 1992

ABM Treaty. In the United States' view, the treaty limiting the deployment of strategic missile defenses needed some correction, in particular, a statement in more accurate terms of the differences between tactical and strategic systems, and the United States has more than once tried to "move forward" the talks. The United States also proposed letting both countries independently set the upper limit on the speed of their missile interceptors. The latest proposals were passed on 22 June to the Russian side, which turned them down 9 July. In Russia's view, the WASHINGTON TIMES writes, citing an unnamed Clinton Administration spokesman, these amendments threaten to bring bring about "excessively varied interpretations" of the treaty as a whole and, consequently, its actual invalidation.

An official Russian Federation foreign ministry spokesman, Grigoriy Karasin, from whom your SEGODNYA correspondent requested clarification of the Russian stance, stated that Russia sticks to the understandings that were reached during the May meeting in Moscow between Presidents Yeltsin and Clinton. In a joint statement the presidents affirmed the main provisions of the ABM Treaty, which they considered to be a cornerstone of world stability, and voiced the intention to "clarify" questions related to the permitted activities involving nonstrategic ABM assets — on the condition, the Russian Foreign Ministry Press Department stressed, of unswerving adherence to the treaty. As Mr. Karasin put it, an intensive harmonizing of viewpoints is going on between the two countries in line with these understandings, and there had been no need to get this "overly punctilious [shchepetilnyy] question" into an American newspaper; all the more so, the Russian Federation Foreign Ministry spokesman added, now that the START II Treaty — implementation of which is coupled with the immutability of the ABM Treaty — is up for ratification both in the Duma and the U.S. Congress.

U.S. Aid in Neutralizing ICBM Fuel Welcomed

MM2107132095 Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 95 p 3

[Article by Sergey Ptichkin: "Asymmetrical Poison. It Was Developed in Russia But the Americans Know How To Get Rid of It"]

[FBIS Translated Text] Through historical circumstances, the USSR and the United States went their separate ways in the development of strategic military missile technology. We relied on liquid fuel, they opted for solid fuel.

At the dawn of the missile age, the country's chemists developed a unique fuel additive — asymmetrical dimethylhydrazine, better known as heptyl. It was thanks to this that the world's most powerful ICBMs were designed and commissioned. Heptyl was found to have many remarkable characteristics and only one defect — it was terribly toxic. A minute concentration of it in the air or water would inflict an agonizing death on any living being.

It is hard to say how many of our fellow countrymen paid with their lives for the sake of nuclear missile parity between the USSR and the United States. Everything to do with this liquid rocket fuel was classified top secret.

Eventually we achieved parity and the time came to decide what to do with the surplus product of that parity, namely, obsolete missiles which no longer guarantee world stability but, on the contrary, threaten an unintentional ecological catastrophe on a global scale. The well known treaties on the reduction of strategic offensive weapons were signed and ratified and timetables were drawn up for the standing down and recycling of the antiquated leviathans of the missile world.

Then something happened which was supposed to happen but which no one had time to consider amid the euphoria of the "complete and general" disarmament inspired by the new thinking. Or rather did not want to consider.

It was no problem for the Americans to "pulverize" their old ICBMs strictly in accordance with the START-I timetable and without causing any special harm to the country's environment. But what about Russia, the legal heir to all the paradoxes of the USSR?

It transpired that no one knew what we were supposed to do with the 30,000 tonnes of appallingly toxic heptyl that was due for destruction. What a surprise! For 40 years it was produced and stockpiled, but no one gave any thought to ways of disposing of it safely. Who would have thought that world nuclear missile war would not happen, that perestroyka would begin instead, and that hundreds of missiles would have to be destroyed not by being launched at the United States but on the country's own territory? Certainly none of the people who might or ought to have considered that possibility, because the vast majority of the USSR's population did not suspect that the top-secret asymmetrical dimethylhydrazine even existed, of course.

The Russian military were powerless and were unable to keep to the START-I timetable for the withdrawal of ICBMs. The humane Americans came to their assistance. Within the framework of the Nunn-Lugar program the Pentagon (!) set aside around $30 million for the development of techniques for the safe recycling of Russian heptyl and for the design and construction of special-purpose self-contained environmentally clean hydrogenation units. The American corporation Thiokol, which knew nothing about heptyl except that it existed but had never had any serious dealings with it, nevertheless won the tender in the United States and became the main subcontractor in the project to scrap the Russian ICBM liquid fuel.

All the formal aspects seemed settled and the presentation of a useful and, it must be acknowledged, vitally important project for Russia took place at the State Committee for the Defense Sectors of Industry in Moscow.

During the presentation the commercial director of the industrial company Allied Signal, which is going to develop the heptyl destruction units for us, stated that his firm has supplied over 600 catalytic hydrogenation units to various countries. These units, in the American's words, are absolutely safe, highly economical, and have remarkable potential. Some of them are even being used to produce peanut oil. Mr. Defeo, representing Allied Signal, said that the U.S. side sees no fundamental problems in the processing of heptyl and obtaining a great many useful products from it, ranging from chemical fertilizers to perfume and even valuable medical preparations.

It is said that in our country they once learned how to make black caviar out of black oil, so the U.S. unit with its capabilities is a godsend. Perhaps we won't learn how to turn heptyl into high-quality fish products but we will surely learn how to produce butter!

The first unit for the industrial conversion of toxic missile fuel into environmentally friendly products is due to be built at the start of next year, and, furthermore, not in the back of beyond but close to Sergiyev Posad, near Moscow. When asked "Why there precisely?" a senior official from the State Committee for the Defense Sectors of Industry exclaimed in amazement: "Where else?"

In the opinion of the Russian organizers of this project, Sergiyev Posad is already full of environmentally hazardous enterprises and there is already a nuclear waste disposal site in operation there so that the heptyl installation will not harm the atmosphere locally. On the grounds that it cannot be made any worse than it already is, presumably? If the hydrogenation unit does not explode in the capital of the Orthodox faith near the Russian capital itself, the next units will be built near Krasnoyarsk in Siberia and near Zlatoust in the South Urals.

Furthermore, the fears of the environmentalists stem from a lack of hard facts. And the fact is that the firm guarantees that its brainchild is completely harmless and safe. Admittedly, we have been given many guarantees that "it" would never go wrong and yet it has blown up in the past....

Nevertheless, I should like to hope that nothing will interfere with the implementation of the Russian-U.S. project to dispose of the Russian liquid ICBM fuel (the "program for the joint elimination of the threat," as this enterprise calls it in the United States). The Americans will keep their promises, the Russian side will keep its side of the bargain, and it will all benefit the planet Earth. After all, the thousands of tonnes of heptyl stockpiled in various parts of the former USSR pose an extremely grave threat not only to the inhabitants of our country but the whole world too....

So we should thank the U.S. Senators Sam Nunn and Richard Lugar for their "party" support for the project, thank the Pentagon for the millions allocated from its budget, thank the Thiokol Corporation for bravely stepping out into the unknown in the fight against heptyl, and keep our fingers crossed that it wins this struggle, breaks it down into tiny molecules, and converts them into something useful. Thanks to all of them!

However, I have one question of a purely ethical nature that might not have been raised but....

At the presentation of the project in question here, the U.S. military department was represented by a modest major by the name of Robert Shultz while the Russian side was represented by a whole phalanx of major-generals and lieutenant-generals, both those serving within the confines of the "Arbat military district" [Russian Defense Ministry] and those currently working as presidents of various joint-stock companies and joint ventures.

Our "military leaders" thrust our their chests and enthusiastically announced that the recycling of the heptyl is a priority national program, that this matter is even more important today than the recycling of nuclear waste, and that they, the "military chiefs," have the most extensive rights and powers.

It's interesting. Heptyl has never been a problem for the United States and isn't one today, but the Americans have found the resources and means to resolve it. Russia, which has faced this problem for several decades now, has neither the money nor acceptable means of resolving this problem. What have the generals' impassioned words about environmental priorities got to do with it? Have they seen the light?

There is no reason to doubt that the country's scientists, who managed to develop asymmetrical dimethylhydrazine, could have found a way to dispose of it safely long ago and would have done so for somewhat less than $30 million, probably. But our "Pentagon" did not set them such a task then, and, when the task was finally set, it turned out that there was no money available for this work.

The military were given only 50 percent of the amount they requested but in reality received only 10 percent of the estimated sum. It has perhaps become customary to kick a government which does not does not give out money, and all these things could probably have been considered in the days when there was money for this work and the time to do it.

Today, however, all that the Russian major generals can do is gaze admiringly into the eyes of the American majors and express endless gratitude for the understanding of Russia's internal problems, for the material support for the "elimination of the threat," and for the fact that such a remarkable and selfless country as the United States exists.

Talks With U.S. on Exchanging Satellite Data Cited

MM2407105095 Moscow IZVESTIYA in Russian 22 Jul 95 p 3

[Report by Leonid Mlechin: "Russian Spy Satellites To Save United States From Earthquakes and Greenhouse Effect"]

[FBIS Translated Text] Russia and the United States are starting talks on exchanging spy satellite information. That is — Russian information on U.S. territory and U.S. information on our territory.

It transpires that Russian weather satellites have been collecting information on cloud cover over U.S. territory since 1965. The Americans do not have such information. They have probably been concerned about cloud cover over our vast country. Clouds were of interest to Moscow and Washington for the same reason — they might have prevented a nuclear missile strike. Now an analysis of the information collected by our satellites will help us to understand whether global warming really has been taking place.

Other satellites, which work exclusively for the military, could, in the Americans' opinion, help predict natural disasters such as earthquakes and volcanic eruptions.

In principle approximately two-thirds of all satellites are purely military. The general reduction in armed forces has, as it were, freed up the satellites' intelligence-gathering capacity.

As far as laymen are concerned, spy satellites photograph the territory of a potential adversary, monitor its military installations, and tap into telephone and radio conversations. In actual fact, military satellites also provide navigational, meteorological, and geodetic information.

Many satellites serve the navy — above all, submarines. Reports on the "submarine weather" allow submarines to hide in those parts of the ocean where they are hardest to detect. Satellites capable of measuring wave heights and sea surface conditions in general indicate to submarines those areas where big waves will help to mask their engine noise and propeller wakes.

At the same time, satellites help to pinpoint potential enemy submarines. They scan the oceans with the help of over-the-horizon radars and lasers that are able to penetrate up to 100 meters underwater. They also study magnetic anomalies caused by submarines' metal hulls, and changes in the water temperature, which increases after a submarine has passed by....

Navigation satellites help submerged submarines to precisely target their nuclear-tipped ballistic missiles.

Communications satellites help submarines to precisely determine their location. And they need to know their precise location primarily in order to launch their ballistic missiles.

There are currently one and at most two Russian nuclear missile carriers on combat standby duty on the high seas, according to certain information. The spy satellites launched into space to track the large Soviet-era submarine fleet clearly have little to do — which creates favorable prospects for a mutually beneficial exchange of information with the Americans.

Foreign Trade Minister Meets Clinton Aide

LD2107213495 Moscow ITAR-TASS World Service in Russian 1356 GMT 21 Jul 95

[FBIS Translated Text] Moscow, 21 Jul (BIZNES-TASS) — Prospects for expanding Russian-American economic relations in light of the Chernomyrdin-Gore commission's achievements were discussed during a meeting between Oleg Davydov, deputy chairman of the government and minister of foreign economic relations, and Richard Morningstar, special adviser to the U.S. President for newly-independent states.

The deputy prime minister's press service told BIZNES-TASS that they also discussed ways of making U.S. technical aid to Russia more effective and touched on the issue of how the Russian authorities could do more to protect intellectual property rights.

Recent Fall in Trade With PRC Not Undermining Ties

LD2307121295 Moscow ITAR-TASS in English 1202 GMT 23 Jul 95

[By Pavel Spirin]

[FBIS Transcribed Text] Beijing, July 23 (ITAR-TASS) — The fall in the trade turnover between Russia and China, when its volume dropped by 33.8 per cent in 1994, did not undermine the Chinese' strong faith in the most bright future of trade ties with the Russian Federation, Deputy head of the Europe Department of China's Ministry for Foreign trade and Foreign economic cooperation Wang Junwen told ITAR-TASS today that the downward trend in export and import levels between the two countries has almost come to a halt in this year. [sentence as received]

China has lifted goods worth 555 million U.S. dollars from Russia from January to May 1995, a drop of 1.8 per cent in comparison with the identical period of 1994. At the same time, Russia has shipped to its neighbour goods worth 1.28 million dollars, a growth of 1.5 per cent.

The high-ranking Chinese diplomat noted that in Beijing the last year's disruption is being regarded as a temporary phenomenon, which accompanies structural reorganization of the entire foreign trade mechanism. According to him, the trade between Russia and China is passing through a transition period, which might end by the end of the current year, when Russian President Boris Yeltsin's visit to China is awaited.

At present Moscow, as well as Beijing both are trying to avoid barter system and switching over to make payments in freely convertible foreign currency. According to the Ministry figures, it accounts for 70 to 80 per cent of all contracts. Besides this, the governments of both countries are preparing a legislative base designed to regulate almost the whole spectrum of until now spontaneously being formed trade relations, involving financial issues, arbitrations, insurance and the provision of transportation service. A trade strategy for the future is also being worked out, in which a key role is being assigned to large and medium enterprises and commodity producers.

Yeltsin Removes Kasatonov From Black Sea Fleet Talks

LD2107164895 Kiev UNIAN in Ukrainian 1530 GMT 21 Jul 95

[FBIS Translated Text] Moscow — Russian President Boris Yeltsin has removed Admiral Igor Kasatonov, first deputy commander in chief of the Russian Navy, from negotiations on the Black Sea Fleet and its status in Ukraine, a high-ranking official at the Russian Ministry of Foreign Affairs told UNIAN.

Members of the joint Russian-Ukrainian group, which is drafting the accords to be signed by the two countries' presidents on 26 July, include Feliks Gromov, commander in chief of the Russian Navy; and Sergey Krylov, Russian deputy minister of foreign affairs.

Karasin Says Kiev To Examine Proposals on BSF

LD2107175895 Moscow INTERFAX in English 1620 GMT 21 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] [no dateline as received] Ukrainian President Leonid Kuchma "has promised to immediately commission" the Cabinet of Ministers to examine draft agreements on the Black Sea Fleet [BSF] presented by the Russian party, spokesman of the Russian Foreign Ministry Grigoriy Karasin declared at a briefing in Moscow Thursday.

He reminded that several days ago Russia's Deputy Foreign Minister Serhiy Krylov handed over drafts of intergovernmental agreements on principles of the Black Sea Fleet division and on the status of the Russian Black Sea Fleet on Ukraine's territory and Russian President Boris Yeltsin's private message to Leonid Kuchma in Kiev.

Having examined drafts of these documents experts of both countries must prepare recommendations for the meeting of heads of Russia's and Ukraine's governments scheduled for July 26.

Karasin also reported that in the course of his staying in Kiev Krylov has coordinated "in principle" the list of the Russian-Ukrainian agreements on cooperation in the economic and humanitarian spheres which could be signed in the course of Ukrainian Prime Minister Yevgeniy Marchuk's visit to Moscow.

On July 20 a working group in charge of the preparation of Ukrainian Prime Minister Yevgeniy Marchuk's visit to Moscow left Kiev for Moscow. Ukraine's Vice Prime Minister Anatoliy Kinakh heads the group. Ukraine's Foreign Economic Relations and Trade Minister Serhiy Osyka, Deputy Foreign Minister Konstantin Grishchenko are in the composition of this group.

As Osyka reported to INTERFAX, the working group is to examine issues related to the preparation of this visit and "to determine directions for Ukraine's and Russia's further cooperation."

Several documents are expected to be signed in the course of Marchuk's visit to Moscow, Osyka said. He mentioned the agreement On Cooperation in Environmental Protection and in the sphere of science and education. "I greatly hope that we shall be able to sign an agreement On Financial-Industrial Groups," Osyka said.

In his words, Ukraine and Russia have signed about 100 agreements. "We must improve mechanism of their implementation," Osyka underlined.

Churkin on Relations With NATO, Balkans

MK2207101095 Moscow SEGODNYA in Russian 22 Jul 95 p 4

[Interview with Vitaliy Churkin, ambassador to Belgium, by Yelena Visens: "Russia's Relations With NATO Have an Evolutionary Character, Believes Vitaliy Churkin, Russian Federation ambassador to Belgium;" in Brussels, date not given]

[FBIS Translated Excerpt] [passage omitted] [Visens] What has changed since last December, when Russian Foreign Minister Andrey Kozyrev refused to sign the Partnership for Peace? What made it possible to join it in May?

[Churkin] Intensive discussions have taken place since December between us and NATO members, mainly the Americans, and also within NATO itself, and, very importantly, also at home, in Russia. After all, the formulation of national policy on such a major issue as European and world security is impossible without an attempt to achieve a nationwide consensus. As a result, the 24 May Russian Security Council decision emerged, which was made public by Minister Kozyrev at a meeting with his NATO colleagues a week later. In essence it offers the following alternatives: either the enlargement of the alliance, with the inevitable negative consequences, or full-scale cooperation with Russia, which has tremendous possibilities and prospects. After accepting the program, we have begun to address the second alternative.

[Visens] But formally nothing has changed?

[Churkin] This is not quite so. If one compares the communique of NATO foreign ministers of 1 December and of 30 May, one can see that they are different. NATO has to a substantial extent resumed its emphasis on the independent importance of the partnership. The accent on relations with Russia has been strengthened. Therefore the political framework of the discussion was not the same as in December but in effect has been transformed substantially, now corresponding more to our perceptions than was the case on 1 December of last year.

[Visens] On the other hand, NATO member states are not going to abandon their plans to expand to the East, and sooner or later this issue will reemerge.

[Churkin] It continues to exist. For some East European countries accession to NATO is a central political task, on which they are working intensively. But I should not be a fatalist here.

I think that many countries, especially those which are clearly not among the first favorites for admission to NATO, will be increasingly considering other, "non-expansionist" security models. At a recent North Atlantic Cooperation Council meeting, for example, a proposal was made to discuss the consequences of nonproliferation. Indeed, what will in fact happen?

[Visens] As far as I know, there is an opinion that NATO enlargement could complicate the situation in Europe. Let us recall, for instance, the smoldering conflict between Slovakia and Hungary over the Hungarian ethnic minority in Slovakia.

[Churkin] That's the point. It is one of the possible consequences of NATO expansion. There will also be a reaction to it here in some form or another. If one takes a two- or three-year perspective, the period "optimists" cite as the time when NATO will begin to expand, clearly it will be impossible to "talk" Russia into looking at this "indifferently." Their actions will have to be in some way adapted to Russia's reaction. I think that it is realistic to bring the situation to such a state that even if the issue of NATO expansion is not finally taken off the agenda, it will be possible to reduce its intensity, and no decisions will be made that will inevitably lead to negative consequences.

Some NATO members tell us — and they do it with such concern: You need to think more about economic reform, create a legal system; do not think so much about security matters. You know, such a friendly approach. We tell them: Well, you don't allow us to: Was it us who began this talk of expansion? We wanted to engage in our difficult transformations quietly and peacefully, but then you suddenly advanced this idea of NATO expansion to the east. Moreover, they are talking about some vacuum. But what security vacuum can they talk about when, for instance, Poland is an OSCE member, a party to the CFE Treaty, a member of the Council of North Atlantic Cooperation and the Partnership for Peace, an associate member of the European Union, and an associate partner of the Western Economic Union. This is not a vacuum but a very saturated space. We are within a sufficiently balanced structure and the main task is not to disturb this balance.

[Visens] Are there any alternatives to NATO expansion?

[Churkin] An alternative to expansion is the normal consistent logic of developing all-European cooperation, i.e., a combination of all things, including the OSCE. We, for instance, have advanced the idea of creating a Council of North Atlantic Partnership and Cooperation, that is, strengthening what is now called the North Atlantic Cooperation Council, and the Partnership for Peace program, their merging, which will lead to the creation of a more serious formation than the now divided North Atlantic Cooperation Council and Partnership for Peace. There is very much to talk about here.

[Visens] What is the reason the Western European Union [WEU] has so invigorated its activity in the recent period?

[Churkin] Western Europe is preparing for the 1996 inter-government conference and the WEU is eager to consolidate its place in the system of all-European institutions. WEU members want to preserve their originality and identity and to this end it is necessary to show themselves, which in fact they have been doing, and, in my view, not without success. This organization should not be forgotten. Contacts with the WEU are not without interest. The WEU, for example, is developing concepts for responding to threats to European security, and our experts could give their weighty word here. There are also some practical avenues for cooperation, say, the sale of our photos to the WEU satellite communication center.

[Visens] How would you describe the current situation in Bosnia?

[Churkin] Unfortunately, so far everything is moving toward an abyss. And it is hard to tell how it will end.

[Visens] Today there has been increasing talk to the effect that the UN peacekeeping mission and NATO activity in the region have failed.

[Churkin] Everybody has found himself in a very difficult situation. We are all in it; we walk around them in circles and cannot do anything. And if we pull out of there, a bloody drama will begin. Whichever way one looks at it, the situation is dreadful: It is impossible to leave, but neither is possible to stay. It is a stalemate. It would be good, of course, if the talks resumed, but so far this is not happening. Each side has its own — so far incompatible — logic, while the military option, which is being played out now, will not lead to any good. The distinguishing feature is that a military victory by one side in Bosnia and Herzegovina is possible in principle.

[Visens] How do you feel about the change of cochairmen at the EU international conference on the former Yugoslavia?

[Churkin] Karl Bildt makes a good impression. He is a vigorous man; he has quickly gotten to the heart of the matter and will work hard. But there is one danger here: He can be used, with equal ease, both in the interest of a settlement and for moving away from the settlement. Such a person can achieve something but, on the other hand, his vigorous activity can be used to cover the absence of a political line. In other words, this option is possible: Against his own will, his activity will create a smoke screen, while politically nothing will in effect be changing. Therefore he is going to have a very hard time indeed. We shall help him.

Political Issues

Yeltsin Leaves Hospital, Feels 'Well'

LD2407071595 Moscow ITAR-TASS World Service in Russian 0658 GMT 24 Jul 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 24 Jul (ITAR-TASS) — "Russian President Boris Yeltsin has ended his treatment in the Central Kremlin Hospital and has been discharged from hospital." This statement was made today by Sergey Medvedev, the Russian president's press secretary, to an ITAR-TASS correspondent.

According to the press secretary, Boris Yeltsin today moved to the Moscow countryside sanatorium "Barvikha." Citing the opinion of Yeltsin's doctors, Sergey Medvedev reported that "the president feels well."

Yeltsin Appoints Barsukov Federal Security Chief

LD2407092095 Moscow ITAR-TASS in English 0851 GMT 24 Jul 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] Moscow, July 24 (ITAR-TASS) — President Boris Yeltsin appointed Mikhail Barsukov, who was responsible for the security of top Russian officials, as director of the Federal security service (FSB) and promoted deputy director of the service, Viktor Zorin, to the post of first deputy director, the presidential press service said Monday.

The post of the director of the FSB, the successor to the former KGB, was vacant from June 30 when Sergey Stepashin was dismissed after the tragic raid of Chechen terrorists on the Russian town of Budennovsk.

Barsukov, 47, was heading the Main security department of the Russian Federation and was the commandant of the Moscow Kremlin since June 1992.

He graduated from the Army higher school and the Frunze military academy.

After graduation he served in the Kremlin regiment, was commandant of government buildings in the Kremlin, deputy commandant of the Kremlin and then head of the Main security department of the Russian Federation which is responsible for guarding top Russian official.

Yeltsin Demands Tougher Political Stand in Chechnya

LD2207161595 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 22 Jul 95

[FBIS Translated Text] The Independent TV Company reported this evening that Russian President Boris Yeltsin telephoned Groznyy today and demanded that the Russian delegation take a tougher stand on political issues.

Legal Procedures in Chechnya Hearings Explained

MK2207054895 Moscow SEGODNYA in Russian 20 Jul 95 p 2

[Report by Aleksey Kirpichnikov: "Constitutional Court Shuns Politics, But There Is No Getting Away From It. Court Chairman Sheds Light on Secrets of the Production Process"]

[FBIS Translated Text] Vladimir Tumanov, the Russian Constitutional Court head, expanded on certain features of the constitutional court procedure. Examples from the just completed hearings on the Chechnya case, naturally, served to illustrate the basic points.

To properly fulfill its functions, the Constitutional Court, according to its head, has an obligation to shun politicization. This is facilitated, in particular, by the hearings procedure stipulated in the Law on the Constitutional Court.

Its basic principle is a contest between the parties. It is their responsibility to seek out the arguments, prove them, and disprove the opponent. According to Mr. Tumanov's ideal of legal procedure, the judges should in no way interfere in the dispute between the plaintiff and the respondent, but simply follow the proceedings and determine whether the plaintiff has proven his claim. The case can be conducted without appearances in court and the matter examined by written correspondence, which is the practice in a number of countries. Finding experts and witnesses is also the responsibility of the parties. The Constitutional Court should give the floor to experts only on subjects far removed from jurisprudence, or on narrow areas of it such as housing legislation; even greater care must be taken in allowing witnesses, since the Constitutional Court (as distinct from the general courts) does not have any procedural possibilities of verifying the facts at its disposal.

In Mr. Tumanov's opinion, the Constitutional Court took a step toward the ideal when it examined the Chechnya case. In the previous hearings, after the parties had presented their cases, they were questioned by the judges, while now the defendant has been examining the plaintiff, and the plaintiff the defendant. The parties called in vain for the judges to explain various legal norms or obtain various pieces of evidence: The court is under no obligation to do anyone else's work for them. It became logical that the number of experts and specialists was comparatively small: The Constitutional

Court refused to hear a number of renowned lawyers, whose opinion was already known to the court, or witnesses from the Federation Council, who had signed the petition to the Constitutional Court and were thus not objective. A few lawyers were admitted simply for the sake of diplomacy (to keep a balance in the lists of the plaintiff and the defendant) and they said exactly what was expected. Sergey Kovalev spoke eloquently, although it was irrelevant to the legal aspect of the problem.

The Constitutional Court head dwelled on Valeriy Zorkin's request to prolong the hearings. Under the law, examination of the case may be prolonged if new circumstances come to light in the final summations by the parties. This was not the case, however. The Constitutional Court rejected the request "by a very large number of votes" and, as for the complaints that the aspects discussed earlier were vague, Mr. Zorkin should have lodged them against himself of the previous hearings. [sentence as published]

Mr. Tumanov stated that both parties had shown insufficient skill in conducting their contest; moreover, the plaintiff was poorly prepared to prove his case. He rejected accusations by Federation Council member Yelena Mizulina that there was procedural inequality, adding that Mrs. Mizulina herself, by her conduct in the courtroom (facial expressions and vocalizing) deserved a far more severe punishment than the warning she had once received.

When it came to describing the substance of the ruling on the case and the procedure under which it was arrived at, Vladimir Tumanov, naturally, was inscrutable. The judges' deliberations are due to start "approximately" today, but the chairman does not know how long they will take and what the nature of the verdict will be. Any nonpoliticized ruling by the Constitutional Court, however, will inevitably bear a political nature and significance.

Chernomyrdin Response to Skokov's Comments Viewed

MK2207125095 Moscow ZAVTRA in Russian No. 29, Jul 95 (Signed to press 18 Jul) p 1

[Report by V. Aleksandrov: "Chernomyrdin Versus Skokov"]

[FBIS Translated Text] Some time ago a meeting was held between some mass media chiefs and Yuriy Skokov — quite a notable event since Yuriy Vladimirovich Skokov, leader of the Congress of Russian Communities and the Congress of Peoples of Russia, rarely meets the press, although he is ranked among the most astute and well informed politicians in the country.

Comments have appeared in a number of publications concerning some statements by Yu.V. Skokov at that meeting. For instance, Yuriy Vladimirovich described Viktor Chernomyrdin as the "main mafia boss in the country." In 1991, as president of the Gazprom joint-stock company, Chernomyrdin asked the Russian Government for (and actually received) 4 billion rubles to keep his concern afloat. When last year Skokov asked the premier why Gazprom, which only recently was begging for money from the state, today has $176 million to buy shares of the Russian Vneshtorgbank, he could not come up with any coherent explanation.

Also, Skokov recalled that while Chubays assessed Gazprom's assets at $298 million, Western experts cite altogether different figures: from $250 billion to $900 billion. And the premier holds 5 percent of Gazprom's stock. It is not accidental that Chernomyrdin has a private airplane ready to take him to the West at any moment; but, Yuriy Vladimirovich believes, nobody will escape people's retribution; a Nuremburg trial awaits all plunderers of Russia.

The following day Chernomyrdin received a detailed account of this meeting with Skokov. Although the premier was enraged, nonetheless it took more than two weeks to prepare a public "rebuke" to Skokov. On one hand, the premier could not but respond; on the other, Chernomyrdin and his inner circle knew that, considering Skokov's special awareness, it was impossible to treat his statements simply as an emotional outburst.

After agonizing reflection the response to Skokov was in the end made up and published in several papers on behalf of Gazprom's public relations department.

The "response to Skokov" turned out rather strangely. Yes, Chernomyrdin says, Gazprom did take money from the state in 1991. But as for the $176 million, I can't remember. At the same time the premier's experts totally ignored the key point.

One of the main reasons domestic industry has found itself on the verge of collapse is that Chernomyrdin's monopolist Gazprom in the "reform" years raised — without any restraint — the price of natural gas, at one time a national asset. This allowed him to accumulate tremendous free assets, including in Western banks. While tens of thousands of enterprises have had wage arrears for months and millions of ordinary people have to live on a near-starvation diet, the monopolist sponsored by the premier is thriving all the more. The $176 million spent to buy Vneshtorbank shares is just one element of this expansion. The Chernomyrdin-Gazprom team is buying newspapers, banks, and the most profitable enterprises on a grand scale.

Yes, Chernomyrdin says, Skokov is right that the assessment of Gazprom's aggregate assets varies between $250 billion and $900 billion. But he remembers suddenly: "The final value of Gazprom has not as yet been established." And this means that Gazprom (if Chernomyrdin obtains new exemptions for his creation) can weigh even more. Therefore, holders of Gazprom shares will automatically become richer.

Incidentally, on the question of shares. In its "response to Skokov," the so-called public relations department, displaying enviable "knowledge," states boldly that Chernomyrdin "has not a single share." But it divulges in the same breath: "Acquisition of shares... by a civil servant, even a prime minister, is not something criminal."

By the way, two months ago an annual Gazprom shareholders meeting was held. Only those "shareholders" could attend who had at least 8 million shares. There were a mere 200 or so such lucky individuals. These are in fact the real masters of the former Soviet Gazprom — Chernomyrdin's present team.

At the very end of its "response" the upset "department" stated that it has "no wish" to comment on Yuriy Skokov's words about a pending Nuremburg trial.

Rybkin on Left-Centrist Bloc, Agrarian Relations

LD2307132595 Moscow INTERFAX in English
1159 GMT 23 Jul 95

[FBIS Transcribed Text] Moscow, July 23 (INTERFAX) — The understandings about the cooperation between the new left-wing centrist bloc and "the Agrarian Party of Russia" election bloc did exist, though chairman of the Russian Agrarian Party Mikhail Lapshin denies this, chairman of the Russian State Duma Ivan Rybkin, the bloc leader, told INTERFAX.

According to Rybkin, the blocs conducted negotiations about the share of representation in the federal list, including 12 candidates to the Duma deputies, and an understanding was reached about a single regional list of candidates, as well as on cooperation in one-mandate districts.

But several hours after the understandings were reached, said the Duma speaker, they "were destroyed" by Lapshin at the news conference.

INTERFAX has already reported that on Friday Lapshin told journalists that the Agrarian Party would take part in the elections independently.

Speaking about the situation in the Agrarian Party, Rybkin, who is member of its board, said that among its candidates to the "central" part of the federal list, nine persons are aged between 60 and 70, which he considers "inadmissible and harmful for the party". "We may virtually have the second edition of the CPSU Politburo out of the people who have worked out their creative potential," said Rybkin.

Rybkin is sure that "industrial and rural producers and trade unions should take part in the elections together united into a left-wing centrist association, on the principles of social democracy, social peace, powerful social protection of working people, personal safety of man, many forms of ownership and management."

"The point is who will be the leaders — Rybkin or Lapshin: it is necessary to adequately perceive the reality and the sentiments of the people whose life is difficult both in towns and villages," said Rybkin.

"We should be together at the elections to form a government on the basis of the majority," to have the majority in both houses of the Federal Assembly, at the elections of heads of the administrations and in the legislative assemblies of the members of the Russian Federation, and to "add worthy people to the presidential structures," said the Duma speaker.

Chernomyrdin's Bloc Discusses Political Stance

LD2107204195 Moscow INTERFAX in English
1836 GMT 21 Jul 95

[FBIS Transcribed Text] Moscow, July 21 (INTERFAX) — The Our Home Is Russia political bloc, led by Prime Minister Viktor Chernomyrdin, stands for "a powerful federal executive branch of government that is headed by the president," according to a political platform document the organization has drafted for itself.

The draft is due to be discussed by a conference of leaders of the bloc's regional branches Saturday.

"The democratic choice enshrined in the Constitution of Russia of 1993 is the choice of a constitutional federation and not of a federation based on an agreement," the document reads in part. As for agreements between the central authorities and the regions, those "must be used as an additional instrument for taking account of the specific economic, ethnic or regional character of such constituent parts of the Russian Federation."

The government must also be free from "the petty tutelage of parliament," a body which "must bring out laws and not engage in pointless discussions on political issues."

One of the bloc's priority objectives is Russia's territorial integrity, which must involve "a ban on turning administrative borders into national or economic ones." Unilateral attempts by Russian regions to change their status are also intolerable.

"The priority of federal legislation throughout the territory of the country means that coercive measures must be used against constituent parts of the Russian Federation which cause detriment to the national interests of Russia or fail to meet their commitments under the Constitution," the draft says.

Shokhin Describes 'Russia Is Our Home' Platform

*MM2107121195 Moscow TRUD in Russian
21 Jul 95 pp 1, 5*

[Transcript of interview with Aleksandr Shokhin, chairman of the Program Commission of the Russia Is Our Home movement, by Olga Solomonova under the "Political Spectrum" rubric; place and date not given: "Under the Roof of 'Home...'" — first two paragraphs are TRUD introduction]

[FBIS Translated Text] A scientific-practical conference of the Russia Is Our Home political movement is opening at Moscow's Izmaylovo movie and concert complex tomorrow. The conference will discuss the movement's election platform. What, then, does the "party of government," headed by the prime minister, stand for apart from the desire to hold on to power? What kind of program is it going to the elections with?

The draft program is here described by State Duma Deputy Aleksandr Shokhin, a former government vice premier who is today president of the Higher School of the Economy and chairman of the Russia Is Our Home's Program Commission.

[Shokhin] Certainly, unlike all the other electoral blocs and associations, Russia Is Our Home does have a special status. Given that representatives of the movement hold key positions in the government, the following question arises: If the program offering a "bright future" promised in the platform cannot be realized right now, where is the guarantee that these people will be capable of carrying it out after the elections? Moreover, this argument will be one of the main ones deployed in our opponents' election rhetoric. Hence the pretty tough demands made on the Russia Is Our Home platform and on the activity of its representatives in government, particularly the premier.

First and foremost, the program will differ from today's specific government action because it is geared to the next four years and because the movement is a broader formation than the cabinet or the "party of government," as we are called. Consequently, modifications to the government program are inevitable — they should reflect a certain area of compromise, the bounds of which we will be attempting to define in our election platform. At the same time it is understandable that members of the government are unable to diverge sharply from the basic tenets of the current course.

Based on these criteria, we have prepared a draft election platform essentially made up of theses. And we will be discussing them at the conference. It is a question of clarifying the movement's stances. This may require a rethinking of the government's current activity in the light of plans for the future and the broadening of Russia Is Our Home's social base...by attracting supporters among other political forces. But it is essential that we clearly define our centrist course here, delineating the acceptable bounds of political and economic compromises.

Enhancing the role of the state, including its role in the economy, is one of the key features of the platform. But this is not a reversion to authoritarian government as understood, say, by the Communists or the Democratic Party of Russia. We are talking about effective state control over the rules of market behavior as defined by legislation. And here **Russia Is Our Home occupies strong-state positions, but it does so within the context of democratic elections and the strengthening of the institutions of the market economy.**

A distinctive feature of our platform resides in the fact that the platform cannot be held "in suspension" until the elections. If we formulate certain fundamental innovations in it, we will have to get down to them right now, although it would be more effective and advantageous to hold them back until the elections. But our promises could quickly become devalued if the premier — as the leader of the movement — is unable to carry out a number of the platform's key provisions as part of the government's activity. And the foundations for this must be laid today.

The draft platform is underpinned by a new economic policy course — the switch from the liberal stage of development toward steady economic growth based on the accumulation of national capital. It is essential that we try right now, without disrupting financial stabilization, to foster the emergent shoots of economic recovery.

These are, as a rule, export-oriented and are mainly found in the raw-materials sectors. While developing, they naturally experience a need for machinery and equipment. Our task is to satisfy that need in our domestic market by stimulating recovery in the allied sector of machine building. Government efforts are essential here, particularly in providing export credit guarantees, increasing the investment component of privatization, and introducing the kind of financial instruments which will make it possible to switch from foreign loans to the mobilization of resources in the home market (and they are considerable — the premier has cited the figure of $25 billion and 70 trillion rubles).

Quite a few such mechanisms have been developed, and they could all be quickly set in train. And the state's task is to go ahead with them rather than wait until they appear with time of their own accord. And economic development is the basis for increasing the standard of living and tackling social problems. There is no other way.

Interview With 'Russia Is Our Home' Official

MM2407101995 Moscow ROSSIYSKAYA GAZETA Weekend Edition in Russian 22 Jul 95 p 3

[Interview with Leonard Vid, leader of the "Russia Is Our Home" Executive Committee, by Aleksandr Batygin; place and date not given: "Serious Work for Serious People. V. Chernomyrdin's Electoral Bloc and the Government Are Not One and the Same" — first paragraph is ROSSIYSKAYA GAZETA introduction]

[FBIS Translated Text] A scientific and practical conference of the all-Russia "Russia Is Our Home" movement is being held today. According to the founding congress, the movement is intended to create reliable legislative underpinnings and a responsible majority in the State Duma and to bring "serious people accustomed to serious work" into parliament. Prime Minister Viktor Chernomyrdin has been elected chairman of the movement. The delegates adopted rules and a political statement. The keyword for the "Russia Is Our Home" bloc is political stability, economic predictability, and active support for the social sphere, the movement's main aims are connected with strengthening the national economy, legality, citizens' security, and so forth. By edict of the Russian Federation president, the elections of State Duma deputies are scheduled for 17 December. Thus the election campaign in the country has been officially launched. The "Russia Is Our Home" movement is joining in the election marathon. Leonard Vid, chairman of the movement's Executive Committee, tells of its immediate tasks and of preparations for the elections.

[Batygin] What has happened since 12 May, when the "Russia Is Our Home" founding congress was held? What have you been doing during this time?

[Vid] The organizational formalities for our movement are now being completed. It has been registered at the Ministry of Justice and its working organ — a nine-member Executive Committee — has been elected. It held its first session 3 July.

[Batygin] The influence of some parties and movements does not extend beyond Moscow, and often not beyond the Garden Ring. But with you the center of the movement's entire work has originally been in the regions....

[Vid] Even before the first congress action groups were created in 79 Federation components. Today constituent conferences to establish independent regional organizations have already been held in 60 Federation components. We estimate that they will have been held in the remaining regions by the end of July.

[Batygin] Attitudes toward the pro-government bloc among society and the press are extremely mixed. You are openly described as the "bosses' party." Remember that the founding congress was attended by many ministers, heads of oblast administrations, leaders of republics within Russia, and the directors of the giant VAZ, GAZ, and KamAZ motor vehicle plants. Do you share those assessments?

[Vid] When people in the mass media or the Duma call us the "bosses' party" for some reason they forget the other aspect of the matter. The leadership of our regional organizations, Executive Committee, and council is swelled by people who can be described as professionals. They include doctors and workers, performers and bankers, entrepreneurs and engineers. Now, after the publication of the president's edict on elections, we are very much hoping for individual membership. Let me explain: Nobody has any intention of establishing "primary cells" in enterprises and labor collectives — in any case the law does not allow this. If a regional department or branch of the movement has now been created in the oblast or city, somebody who shares our ideas can go there and apply to join the movement. Then it is up to him to tell of his choice at work. We have already seen for ourselves that we are supported — and not only by the bosses. Our slogans are simple and clear: extricating the country and the Russian economy from crisis as swiftly as possible, and helping those who are below the poverty line.

[Batygin] The movement's political statement says: "Financial stabilization is not an aim in itself."

[Vid] Correct. Our main aim is to create the regional conditions in the country for the start of economic growth that would make it possible to lift the country to new heights and increase social support for the population.

[Batygin] For many people "Russia Is Our Home" and the government are synonymous. The opposition constantly emphasizes this and criticizes you. What are your relations with the government like, and to what extent are you dependent on it? Do you often talk with Chernomyrdin?

[Vid] Let me reiterate what was emphasized at the congress: We act independently of the government, and moreover I would describe our attitude toward it as a state of critical solidarity. I believe our platform is substantially broader than the economic program of the cabinet of ministers. We have our own opinion about political, economic, and social questions. In our view, the potential of the liberal market model is now exhausted and today we need to turn toward more active state participation in economic affairs. Then we can hope to achieve stabilization in the economy, and therefore raise living standards, increase social support, and resolve the unemployment problem. This kind of state participation must be clearly defined by the laws adopted by the Duma, with deputies who know life and its realities not merely from books and rallies but from practical experience taking part in the lawmaking process.

Russia's huge expanses require a centrally managed transport infrastructure, and the country's defense capability is also tied up with this. The people who will enter parliament on our election ticket are well aware of this.

Viktor Stepanovich Chernomyrdin talks with us only outside working hours. We meet with him quite rarely — the last time was at the movement's conference 7 July. Our leader strictly advised us to do more to involve representatives of the sociocultural sphere, engineering and technical personnel, creative workers, and professional workers in the bloc's work. People who know what to do today and tomorrow.

[Batygin] Which of the many parties and movements can "Russia Is Our Home" count on, and with which is it impossible to form an alliance?

[Vid] Sergey Shakhray's Party of Russian Unity and Accord has become a collective member of the movement, and we are going to start talks with Yegor Gaydar's "Russia's Choice" and other parties. The approach toward possible allies is tricky: If we are united on the main point along the road toward our objective, we will form a bloc both during the election campaign and in the future parliament. Of course, we cannot go along with those who call for extremism and civil war.

We want to hold talks with the Agrarian Party of Russia. We think that at present the Agrarians are primarily a lobbying party, but the party should become a political force organizing the upsurge of agriculture. We will scarcely be able to find common ground with the Liberal Democratic Party of Russia and the Communist Party of the Russian Federation. The position of the latter on emerging from the crisis contradicts our position. There will be no return to the past, but the Communists base a great deal on that assumption.

[Batygin] Leonard Borisovich, we cannot avoid the question of the movement's funding. Remember that literally the day after the founding congress some of the mass media criticized you for providing a free dinner for delegates and guests. So it appears that you are not poverty-stricken?

[Vid] I can explain how rich we are by using the following illustration. In two months of work on the Executive Committee my colleagues and I have been paid our wages just once. I would point out that many delegates came to the congress at their own expense. The regional organizations ask for nothing from Moscow — they know there is no and will be no central collection and distribution of funds.

[Batygin] Do you have support from sponsors?

[Vid] Yes, we have been helped by the VAZ and GAZ motor vehicle plants. We have not received, nor indeed asked for, a kopek from "Gazprom." We will seek help from enterprises — this is not against the law.

[Batygin] The movement has adopted rules and a political statement. What about a program?

[Vid] This Saturday and Sunday we are holding a scientific and practical conference of the movement to discuss the "Russia Is Our Home" platform. The platform has been prepared by the program commission of the movement's council, headed by Doctor of Economic Sciences Aleksandr Shokhin. We sent out the document to the regions beforehand, and now the conference delegates will have to express their comments and proposals. The conference will set up a working group that will finalize the platform. We will discuss and adopt it at the upcoming second congress of the movement.

[Batygin] Leonard Borisovich, do you believe "Russia Is Our Home" will succeed in the elections? And please tell us a bit about yourself.

[Vid] I graduated with distinction from the Moscow Institute of Nonferrous Metals and Gold and spent 22 years working by assignment at the Norilsk Mining and Enriching Combine, spending half this time as deputy general director for economics. Then I moved to the capital, to the USSR State Planning Committee, and rose to first deputy chairman. I have no intention of becoming a minister or deputy — I am rather too old for that. But

I will fulfill my civic duty within the "Russia Is Our Home" movement as long as my strength permits.

I believe the movement will succeed, because it is not an overnight sensation. We are keeping our feet on the ground, but, so to speak, we are standing on tiptoes in order to see and grasp how to extricate the country from its grave situation. We are open. We are at home here.

Party Leader Summoned Over Antiwar Leaflets

LD2407080595 Moscow Radiostantsiya Ekho Moskvy in Russian 0300 GMT 24 Jul 95

[FBIS Translated Text] Valeriya Novodvorskaya, the leader of the Democratic Alliance party was summoned to the procurator's office of Moscow's Krasnopresnye district. It was reported to us that this was connected in particular with the criminal case ensuing from the circulation of antiwar leaflets, in which the Russian president was called a fascist.

The central council of the Democratic Alliance does not rule out Valeriya Novodvorskaya being arrested.

Directive on Pay Rise for Budget-Funded Employees

MM2107114695 Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 95 p 1

[Russian President's Directive No. 330-D signed by President Yeltsin on 18 July 1995]

[FBIS Translated Text] To ensure the social protection of citizens of the Russian Federation employed in the budget-funded sphere, the Russian Federation Government is to resolve the question of increasing the wage rates (salaries) in the Single Wage Schedule for the payment of workers in the budget-funded sphere within two weeks of the signing of the Federal Law "On Increasing the Minimum Wage."

[Signed] Boris Yeltsin, president of the Russian Federation

[Dated] 18 July 1995, Directive No. 330-D

LDPR Called 'Best Known' Party in Russia

LD2307161295 Moscow INTERFAX in English 1437 GMT 23 Jul 95

[FBIS Transcribed Text] Moscow, July 23 (INTERFAX) — Vladimir Zhirinovskiy's ultranationalist Liberal Democratic Party of Russia [LDPR] is the country's best known political organization, according to the Russian Public Opinion Center (VTsIOM).

Thirty-five percent of those questioned in an opinion poll taken by VTsIOM early this month said they knew about the LDPR, the Center said in a report obtained by INTERFAX.

The Communist Party was known to 34 percent of the 1,600 urban residents asked to name all political parties, movements and coalitions they knew. Thirty-one percent had heard of the Yabloko reformist bloc, 21 percent named Yegor Gaydar's reformist Democratic Choice of Russia, 18 percent mentioned the conservative Agrarian Party, and 10 percent knew the reformist Democratic Russia.

None of the other organizations was able to get above the 10 percent mark. Among them were the moderately reformist political bloc Our Home Is Russia, led by Prime Minister Viktor Chernomyrdin, parliamentary speaker Ivan Rybkin's Regions of Russia coalition and the Party of Russian Unity and Concord.

New Residency Registration Rules Approved

MK2207081895 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 21 Jul 95 p 1

[Unattributed report: "The Residence Permit System on Russia's Territory Is To Be Superseded by Residence Registration"]

[FBIS Translated Text] The Russian Government has approved new rules for the residence registration of Russian Federation citizens.

As MOSKOVSKIY KOMSOMOLETS was advised at the Russian Federation presidential staff Information Department, as of now the notion of a residence permit [propiska] is abolished. It is being replaced by registration. As before, the militia is still the registering body.

New terms are being introduced: "temporary residence registration" and "permanent residence registration." A temporary residence is the place where a citizen stays temporarily: a hotel, sanitarium, vacation home, hospital, and so forth. Permanent residence is the place where the citizen resides permanently as the owner or tenant of the living quarters he occupies.

All citizens are obligated to effect temporary residence registration if they stay in another town for more than 10 days. In this event they must present to registration officials an ID paper, an application, and a document serving as grounds for temporary residence. Registration is effected within three days, whereupon citizens are issued a temporary residence registration certificate.

Procedures for permanent residence registration remain unchanged, except that as of now instead of the "propiska" stamp a permanent residence registration mark is made in the passport. Furthermore, citizens are issued a certificate attesting that they live in the place they live. Registration fees are the same as they are now for the propiska.

New procedures are also being introduced for the registration of clergy and refugees. Thus, monks and nuns will be registered by monastery or convent superiors, with the registration data are to be transferred to the militia. Refugees are only registered in the event that they have an ID and an appropriate certificate from the Federal Migration Service.

The registration procedure itself should be worked out by the Internal Affairs Ministry within the next three months.

Military Issues

Strategic Missile Forces Chief on Inspection Trip

MM2407104695 Moscow KRASNAYA ZVEZDA in Russian 22 Jul 95 p 1

[Report by Lieutenant Colonel Ilshat Baychurin: "From the Strategic Missile Forces: Commander in Chief on Combat Alert Duty"]

[FBIS Translated Text] Around 20,000 servicemen are on combat alert duty in the Strategic Missile Forces [SMF] every day. Owing to lack of funding and undermanning, missilemen are sometimes at their duty stations for 15-18 days a month. Everyone — from the commander in chief to a lieutenant — shares responsibility at the SMF panels for the reliability of the country's nuclear missile shield.

Colonel General Igor Sergeyev, SMF commander in chief, is currently on combat alert duty at the Central Command Post. He has repeatedly inspected the actions of the alert forces in tackling various tactical problems. Incidentally, it is exactly 40 years since Igor Dmitriyevich began his service in the Armed Forces. And, as is customary among the military, he celebrated this date at his post.

Committee To Commemorate Military Events Formed

MM2107110395 Moscow KRASNAYA ZVEZDA in Russian 21 Jul 95 p 1

[Report by Viktor Dolgishev under the "KRASNAYA ZVEZDA and News Agency Correspondents Report" rubric: "From the Russian Federation Government: Memorable Events in the Fatherland's Military History Will Not Be Forgotten"]

[FBIS Translated Text] Russian Federation Government Decree No 709 of 14 July 1995 has formed the Russian organizing committee to prepare for and conduct measures in connection with memorable events in the fatherland's military history and for veterans' affairs.

The standing committee is headed by V.S. Chernomyrdin, chairman of the Russian Federation Government (committee chairman), and Yu.F. Yarov, deputy chairman of the Russian Federation Government (committee first deputy chairman). The committee's deputy chairmen include Colonel General V.M. Toporov, Russian Federation deputy minister of defense; Lieutenant General S.M. Zdorikov, chief of the Russian Federation Defense Ministry Main Educational Work Directorate (executive secretary); Ye.Yu. Sidorov, Russian Federation minister of culture; V.L. Govorov, chairman of the Russian War Veterans Committee; and M.P. Trunov, chairman of the All-Russia Council of Veterans (Pensioners) of War, Labor, the Armed Forces, and the Law-Enforcement Organs. For the General Staff the committee includes Colonel General A.A. Bogdanov, deputy chief of the Russian Federation Armed Forces General Staff.

The government decree instructs the appropriate departments, when drawing up drafts of the federal budget, to make annual provision for funding the activity of the committee that has been created. Its organizational-technical support is entrusted to the Russian Federation Ministry of Defense, under which it is recommended to create a corresponding staff sector [shtatnoye napravleniye]. Organs of executive power of the Russian Federation components are recommended to transform the regional committees to prepare for and conduct measures in connection with the celebration of memorable dates in the Great Patriotic War of 1941-1945 into regional committees to prepare for and conduct measures in connection with memorable events in the fatherland's military history and for veterans' affairs.

Federal Assembly

Duma Urges France To Refrain From Nuclear Tests

LD2007163495 Moscow INTERFAX in English 1530 GMT 20 Jul 95

[FBIS Transcribed Text] Moscow, July 20 (INTERFAX) — Russia's State Duma called on French President Jacques Chirac and the French parliament to refrain from resuming nuclear tests and to join efforts to build a nuclear-free world.

A statement made by the State Duma Thursday expresses Russia's concern about President Chirac's decision to hold eight nuclear tests at the Mururoa atoll of the Pacific Ocean in September, 1995. Russia is a Pacific nation.

The Duma reminds France that in November, 1990, Russia declared a unilateral moratorium on nuclear testing. Britain, the United States and France joined the moratorium in 1992.

"The four nations have been using the moratorium as a tool for averting the spread of nuclear weapons to countries that are technologically capable of both producing and testing them," the Duma said.

As many as 227 lawmakers, one more than the required minimum, supported the statement, none voted against.

Commission on Chechnya Unable To Agree on Report

LD2107203395 Moscow Radiostantsiya Ekho Moskvy in Russian 1800 GMT 21 Jul 95

[FBIS Translated Text] The State Duma today postponed until autumn consideration of the findings of the parliamentary commission investigating the causes and circumstances for the emergence of a crisis situation in Chechnya. The chamber reached this decision after Stanislav Govorukhin, the commission's chairman, announced that the main conclusions and proposals of their investigation were by no means adopted unanimously — the vote was six to four. Govorukhin voiced his own particular view: Chechnya is fully entitled to independence. Our correspondent Dmitriy Khitarov has the details about the commission's findings:

[Khitarov] The commission believes that the main blame for the crisis situation which has arisen in Chechnya lies with President Yeltsin in connection with the fact that no single major decision is taken without the president's knowledge. In this connection, the commission recommends that the State Duma should decide on whether or not to set up a special commission to bring impeachment charges against the president. Then other officials named as being most to blame for the Chechen crisis include former USSR President Mikhail Gorbachev and the present Defense Minister Pavel Grachev.

The commission does not expect any positive results from the talks. And the holding of talks with separatists in conditions where the supreme commander-in-chief has repeatedly stated that they had to all intents and purposes been defeated and routed is causing extreme bewilderment.

In his own particular view, Stanislav Govorukhin, the commission's chairman, stressed that one should only welcome the fact that Chechnya will at last become independent of the Russian budget, and Russia free of Chechen criminal groups. In connection with this, Stanislav Govorukhin proposed that a brief amendment should be made to the Constitution of the Russian Federation: the Chechen Republic-Ichkeria should be excluded from the Russian Federation.

This is Dmitriy Khitarov, Moscow Ekho News Service.

[Announcer] Four of the commission's members did not find it possible to sign the final document. They prepared an alternative version. Just as the main one, it contains tough stances both with regard to the Russian authorities and the Dudayev regime which the deputies do not recognize as legitimate. This was reported by Viktor Sheynis, one of this draft's authors. But here, he stressed, the coincidence with Govorukhin's arguments ends.

But Yabloko Duma Deputy Valeriy Borshchev told our correspondent today that the commission's chairman Stanislav Govorukhin had not coped with the duties assigned to him.

[Begin Borshchev recording] What Govorukhin has done — well, to put it mildly — does not correspond to reality and on the whole I think that he has not fulfilled his duty, the duty of the commission's chairman. He has not understood that, while in this post, he should have given up his subjective views. Alas, he has not done this. Well, we know when he was openly not telling the truth, for instance, when he was in Samashki, when he was presented with materials he said one thing in Samashki and when he returned to Moscow he said something else. And there was also slander, frankly, on his part with respect to Sergey Adamovich Kovalev and with respect to others. [end recording]

Divisions in Duma Committee Noted

LD2107200595 Moscow INTERFAX in English 1836 GMT 21 Jul 95

[FBIS Transcribed Text] Moscow, July 21 (INTERFAX) — A commission appointed by the State Duma, Russia's lower house of parliament, to investigate into the causes of the Chechnya crisis has been unable to produce a report due to discord among its members, the commission chairman said Friday.

Stanislav Govorukhin, leader of the Democratic Party faction in the Duma, told a house session that four of the commission's 10 members had refused to sign a draft report. The four represent the Democratic Choice of Russia party, the Yabloko bloc, the Party of Russian Unity and Concord and the Duma's Stability group, Govorukhin said.

He said each of the four members was now due to present his own conclusions, after which a combined two-volume report would be presented to the Duma this autumn. After that the commission was likely to be disbanded, he said.

On Friday morning, Govorukhin proposed allowing Chechnya to secede from Russia. The proposal is set out in a supplement to the draft report, entitled "A Separate Opinion."

Treaty With Estonia on Troop Withdrawal Ratified

LD2107104995 Moscow ITAR-TASS in English 1001 GMT 21 Jul 95

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow, July 21 (ITAR-TASS) — The State Duma on Friday ratified a Russian-Estonian treaty on the withdrawal of Russian armed forces from Estonia and conditions of their temporary presence there.

The treaty was passed by 259 votes with two against and two abstentions.

Russia had withdrawn its forces from Estonia by August 31, 1994, in strict compliance with the terms of the treaty.

The State Duma also ratified a Russian-Estonian agreement on social guarantees for Russian army pensioners living in Estonia.

The work on the implementation of the treaty is not simple, however the agreement keeps protecting the Russian Federation even now, Russian Ambassador at large Vasiliy Svirin said presenting the documents for ratification.

The accords regard as "completely settled" all claims of the Estonian party to Russia, including property issues, Svirin said.

Ten thousand Russian pensioners and 30 thousands members of their families live in Estonia. All articles of the documents are aimed at protecting their rights, the diplomat said.

Estonia has not ratified the documents so far, however "Russia's active stance on the issue may acts as a good stimulus to Estonia in settling the issue in a positive way," Chairman of the Duma committee for international affairs Vladimir Lukin said.

On ratification, the Russian Finance Ministry will have a legal basis for transferring pensions to Russian army veterans in Estonia, Lukin said.

Duma Committee Chiefs Reply to Chernomyrdin

MM2107114895 Moscow SOVETSKAYA ROSSIYA in Russian 20 Jul 95 pp 1-2

[Abridged account of 19 July State Duma speeches by Aleksandr Chernyshev, chairman of the Duma Committee for Agrarian Questions; S. Glazyev, chairman of the Committee for Economic Policy; M. Zadornov, chairman of the Committee for Budgets, Taxes, Banks, and Finances; V. Ilyukhin, chairman of the Security Committee; and S. Kalashnikov, chairman of the Committee for Labor and Social Support: "Duma Attacks Myths. Premier V. Chernomyrdin Presents Report on the Socioeconomic Situation in the Country to Parliamentarians" — first two paragraphs are ITAR-TASS report]

[FBIS Translated Text] Moscow, 19 July (ITAR-TASS) — Viktor Chernomyrdin, head of the Russian Federation Government, today briefed the State Duma on the socioeconomic situation and the results of the government's work in the first half-year. According to the prime minister, "the socioeconomic situation in the country is taking on new features, although it remains difficult, perhaps even very difficult, and sometimes contradictory." However, as a whole, the premier stressed, "we are seeing a recovery in several branches and sectors of the economy." Some signs of stabilization in the Russian economy, in Chernomyrdin's opinion, testify not "to the nearness of prosperity," but to strict adherence to the goals outlined by the president and the government for 1995.

At the same time the government is especially concerned by the causes of the slower than forecast rate of economic recovery, Viktor Chernomyrdin stressed particularly. It is obvious today that the higher than expected growth of prices is the price which must be paid for underestimating the real scale of the dollarization of the economy, he said.

And here is how leaders of State Duma economic committees see the situation in the country. The speeches are published with abridgment.

A. Chernyshev, chairman of the Committee on Agrarian Questions:

We, the agrarian deputies, are concerned by the state of affairs in the country's economy, especially in the agro-industrial complex, where around 40 million of our fellow citizens live and work and where almost one-third of our GDP is produced.

It can be said without exaggeration that the socioeconomic position of our entire society, its spiritual condition, and the political climate in many ways depend upon the situation in this sector of the economy. However, today a catastrophic situation is arising in the country with regard to food production.

The production of meat in the period of the beginning of reforms decreased by 28 percent per head of population, and that of milk by 30 percent. At the present time, because of the high cost and insufficient supply of food products, almost 45 million of our fellow citizens have been cut off from normal consumption of these products.

Last year for the first time the country's agriculture ceased to be profitable. Sixty percent of all classes of farms cannot carry out not only expanded, but even simple reproduction.

I think everyone understands that in market conditions loss-making production simply cannot exist, and that the situation in the countryside is not only difficult, but supremely difficult. It is impossible to feed a family on the lowest wage of just over 100,000 rubles [R] and given the six-month delay in receiving it. Hopelessness and poverty are unfortunately a sad reality of rural life today.

In the current year the situation is deteriorating still further. The reason is that the disparity between the prices of agricultural and industrial output and services is literally obliterating the results of the rural laborers' work. Whereas in 1991 peasants could buy two tonnes of gasoline for every tonne of grain sold to the state, last year it was only half a tonne.

The uncontrolled hiking of electricity prices (one kilowatt today now costs R140) has led to farms owing hundreds of billions of rubles, and things are reaching the point of absurdity. At the height of summer, in some places, power supplies are cut off from milking machines and from mechanized threshing floors at the height of the harvest; irrigation systems do not work.

According to the estimates of the Russian Ministry of Agriculture and Food, the agro-industrial complex' losses from the disparity of prices total R60 trillion. And at the same time, the state reduces federal budget support for agricultural commodity producers from year to year. Whereas in 1993 more than 7 percent of the expenditure part of the federal budget was channeled into the funding of the agro-industrial complex, in 1995 this share was only 4.5 percent. And in the draft version of the 1996 budget it is even less. Allowing for an inflation index of 1.32, R4 trillion worth of budgetary appropriations are planned. Less than this year. And this constitutes only 2.25 percent of budget expenditure. Surely this cannot be spoken of with equanimity? What were Ministers Panskov, Yasin, and government First Deputy Chairman Chubays guided by in introducing such provisions? Once again they are striving to get their own way by petty sops and concessions. The main obstacle to stabilizing and halting the decline in agricultural production is the negligent lack of commitment to fulfilling the federal budget....

In the present situation, whereby the state refuses to allocate credits, agricultural production is supported through budget funds. Then why, the question arises, has funding of the sector been put in the hands of Ministry of Finance functionaries, and not the government? Many people want to know why the authorities in Moscow are trying to finish off the agro-industrial complex with their policies. Peasants are not to blame for the situation in which they find themselves. Many of those present here know what support the majority of foreign states give to their commodity producers, shielding them from market-driven prices with a system of grants, a regulated parity of prices, and subsidies that our peasant has never even dreamed of. After all, the decline in the fertility of land and the destruction of the material-technical and social basis of agriculture have reached the stage where their restoration becomes problematic even given financial resources....

If we avoid resolving the countryside's problems, in other words, fail to resolve the peasant question, there can be no talk of stabilization in the economy. Boosting agriculture means developing processing sectors, light industry, machine building, and so forth. Russia has always found the strength to escape from the most difficult situations, and we hope that a way out of today's situation will be found also. The main thing is that the agrarian sector of the economy should become a priority, not in words, but in reality.

S. Glazyev, chairman of the Committee for Economic Policy:

Talk of stabilization and of some success in the battle with the slump in industrial production is a serious delusion. The government reports that the slowdown in the decline in output in the first half-year, especially in June, is a sign of stabilization being achieved and of transition to a new phase in economic policy. In fact these figures are presented in comparison with the depths to which we sank last summer. This was a catastrophic slump in industry at the level of more than 23 percent, and we were then told that it was simply impossible to sink lower. In fact, the slump intensified in the first half-year. The decline in the first quarter was 5 percent compared with the previous quarter, and in the second quarter a further 4 percent. That is to say, the slump is continuing, and this is the first thing that needs to be said.

The trend toward the decline of the efficiency and quality of production is also continuing. De-industrialization trends have intensified. If there is indeed a certain stabilization in the raw material sectors, which are geared toward exports, in the processing industry and in the production of consumer goods, in particular in high-tech industries, the slump remains very, very significant.

And the worst thing of all is that the trend toward declining living standards has intensified. If this trend continues, the decline in consumer expenditure this year could reach 7 percent. In the first two quarters alone real pay per individual declined by almost a third. The average per capita income of the disadvantaged stratum of the population dropped 25 percent below the cost of the minimum consumer basket.

Yesterday I returned from Arkhangelsk Oblast, and I would like to report to my esteemed superiors that in agricultural regions people are forced to feed their children on cattle feed because their income is clearly insufficient even to obtain bread and basic food products.

The critical situation in agriculture has already been mentioned.

Now for a highly important government policy indicator — the battle with inflation.

Despite the fact that the budget deficit has been substantially reduced, inflation remains intolerably high. And if the current trends are maintained, it will average at least 7-8 percent per month, which is more than twice the guide figure of which the government spoke.

The situation in the defense complex is extremely difficult. The government continues to underfund the defense order. Literally yesterday I returned from Severodvinsk, where they cannot obtain payment for output already ordered and produced. This year work to the sum of around R300-400 billion at one plant alone has not been paid for. And the problem here is not demand. The problem is that the government continues to fail to fulfill its obligations.

The investments crisis is intensifying. The slump in investments in the first six months of the year was more than 20 percent, and if the current trends persist, the slump will be one-and-a-half times larger than the guidelines which we arrived at when examining the forecast for 1995.

Thus not one of the priority goals which were advanced in the president's message, the government's program, and in the forecast which we examined while ratifying the budget has been fulfilled.

It is therefore very strange to hear from government leaders about the presence of certain achievements and changes for the better. I cannot help but say that many negative phenomena are caused by outright mistakes in the government's activity. Above all, this concerns the highly serious underfunding of all state expenditure. The budget has been fulfilled mainly thanks to higher inflation, and not through improving tax collection; real expenditure, or to be more precise, nominal expenditure was underfunded by 15-20 percent, and in real terms, allowing for inflation, by almost 40 percent. All this has led to a very serious reduction in demand, and, as a consequence, to the intensification of the industrial slump.

I think the best thing that we can do today, having examined the results of the first six months and the planning indicators for 1996, is to pass a second vote of no confidence in the government. We have three months; they have not yet elapsed. According to the documents which we have studied, it is obvious that to all appearances no one has any particular intention of correcting the mistakes of which we spoke 1 July. Therefore, if we do not want to become accomplices to the destruction of our country's science and industrial complex and its scientific and technical potential, I believe that we have only one option.

If we lack the strength of character, I would propose that we vote for the draft decree issued to deputies, in which the government's activity is deemed unsatisfactory.

M. Zadornov, chairman of the Committee on Budgets, Taxes, Banks, and Finances:

What is the main result of the first half-year? In our view — we have discussed this question — the main result is that the goal which the government set itself for 1995, to wit financial stabilization — this task has suffered complete failure. Seventy-eight percent inflation in the first half-year — that is more than in the first half of last year, and almost twice as much as in the government's initial plans for the current year.

But in order to achieve this goal, a task which has effectively failed, wide sections of society have made considerable sacrifices. You know that the minimum wage was not indexed from last July through March of the current year. You know that in several sectors there is a delay in the payment of wages of about two months, and about 20 percent of this delay is connected with funding from the federal budget. What has this led to? It has led to a situation where, in comparison with last June, pay has been reduced by 30 percent in real terms, and the population's real income by approximately 10 percent. In effect, this is the first such sharp decline in the living standards of wide social strata in the past four years.

Now a brief word on the results of the implementation of the budget in the first half-year.

You know that in all more than 100 percent of envisaged revenue was collected. The main source of the larger-than-expected receipt of revenue was higher inflation. We can now say that in the first half-year alone there will be extra tax revenue — let me stress this point —

of almost R10 trillion resulting from the inflation factor alone. But at the same time, as the prime minister has already said, budget expenditure was funded only by 95 percent in the second quarter and by approximately 90 percent in the first half-year as a whole.

This situation arises because virtually the whole of the extra inflationary revenue is going toward reducing the budget deficit. And we get a situation in which the federal budget's real expenditure has fallen sharply by comparison with 1994 and with the plan for 1995. Three spheres suffer from this above all: defense, the social sphere, and investments.

The Committee for the Budget insists that the funding of expenditure planned in the federal budget for 1995 be implemented in full and equitably, without singling out spheres which are out of favor with the state.

Second. We insist that all amendments to the draft federal budget, to be precise, the already ratified budget, are made only on the basis of federal laws, and not by the government itself.

And third. On the results of today's session, we propose not to adopt the draft decree right away — there are several versions of it — but to instruct the economic committees to prepare a draft decree calmly for today or maybe tomorrow, and to adopt it on Friday in finalized form, with clear recommendations.

V. Ilyukhin, chairman of the Security Committee:

The speeches by my committee chairmen colleagues relieve me of the need to make a detailed analysis of the state of the country's national security. I will dwell only on some aspects of it. But even they make it possible to assert that Russia is facing the real danger that the country will be turned into a new type of semicolony. And this is hardly laying it on thick.

On 19 out of 20 main indicators the country long ago fell into the critical danger zone, beyond which lies the collapse of all society's and the state's security. This is not only the opinion of our committee's deputies but also the Russian Academy of Sciences' conclusions.

The situation is so critical in all spheres of the economy, social life, and defense capability that we have only months, and not years left to rectify it and save Russia. If, of course, we want the country to regain its status as a great power.

Therefore I am worried by the somewhat placid, soothing tone of Viktor Stepanovich Chernomyrdin's speech. But there really is something to ponder.

In the last three and a half years Russia's GDP has been more than halved. Output has fallen by more than 60 percent in machine building and by 70 percent in light industry.

The country is losing its general educational and scientific potential, primarily in the military-industrial complex.

While the world's advanced states annually spend at least 2 percent of appropriations from GDP on science, in Russia this indicator was only 0.32 percent. The country is steadily sliding into the abyss of darkness and ignorance.

The living standard of almost 120 million Russians has fallen by a factor of between three and five. Judging from the prime minister's report it will steadily get worse, while the government still intends to build a bright future for the minority of the country's population, to which the government itself belongs.

Russians' social protection continues to decline. The stratification of society by income has exceeded the maximum permissible norm for stable states. World experience shows that a tenfold differential between the incomes of the population's richest and poorest strata is critical and fraught with the danger of sociopolitical upheavals.

Currently the gulf in Russia between the wage levels of the lowest-paid 10 percent and the highest-paid 10 percent of workers has reached a factor of 27. Such a phenomenon does not exist in any country throughout the world.

According to official data the number of unemployed people in the country, taking into account hidden unemployment, is estimated at 13 percent, while according to the assessments of our own and foreign analysts the 8-10 percent mark is defined as dangerous.

Death from accidents, poisoning, and injuries is the number one cause of death for Russians of working age.

And in this situation the government gives a negative finding on the State Duma deputies' draft law "On Industrial Safety," offering virtually nothing instead.

This is to say nothing of the fact that it cannot curb crime, which has become a national disaster for Russia, and cannot ensure that Russians can live in safety. The events in Budennovsk are a graphic illustration of this.

The lack of sufficient financial and material support has practically wrecked the crimefighting program's implementation. Proper funding for law enforcement organs and special services is not being ensured. I wish I was mistaken, but during the past year to 18 months the government has never once profoundly analyzed or discussed the state of the fight against lawbreaking, evidently believing that this is the domain and the duty only of the law enforcement organs.

No significant legislative proposals have come or are coming from you, Viktor Stepanovich. You have ignored the State Duma's appeal to you on the urgent need to protect national capital and stop it disappearing abroad.

You have reconciled yourself to the fact that every year over $20 billion belonging to Russia disappears in foreign banks. The government is utterly failing to control the importation of foreign currency into the country and its circulation there and has effectively agreed to the destruction of the Russian ruble.

How can we talk about the state's sovereignty and security if the dollar and the German mark hold sway in it and our own currency is something of an afterthought!

Simultaneously the expansion of foreign capital is intensifying in such important spheres as aircraft building, electronics, and the communications industry. Even enterprises manufacturing equipment for our intelligence and counterintelligence services are being privatized by foreign firms. All of this is courtesy of Mr. Chubays' great "zeal."

Sometimes I get the impression that blatant physical, spiritual, and moral genocide is being carried out against the people of Russia, and above all the [ethnic] Russians.

The production of basic food products has decreased by 30-40 percent, which includes a 37 percent fall in meat production and a 63-percent fall in the output of dairy products.

In a number of regions Russians are already eating food waste and mixed feed. This is under your government, Viktor Stepanovich, and you are personally responsible for this.

Over 50 percent of the food consumed, of extremely dubious quality, is now imported into Russia.

The country's food security is moving into first place and becoming a political problem.

It has already led to a number of catastrophic consequences.

While in European countries a life expectancy of 85 years is predicted for the population, in Russia a further reduction in this indicator is expected — according to various estimates, to 58-64 years.

The demographic factor is being sharply exacerbated by the nation's ageing and extinction. We are witnessing the lack of even a simple replacement of one generation by the next.

The population's physical degradation is exacerbated by its large-scale alcoholism.

While the critical annual per capita alcohol consumption is 8 liters, in Russia it totals 14-18 liters and is constantly increasing. But the government is utterly failing to take any measures to overcome the terrible disaster, evidently believing that a drunken people will not resist its own ruin and will be easier to govern.

Because of time constraints I will not burden you further with facts. I have no doubt that the country is being ruined and this is a result of the ruinous Yeltsin-Gaydar-Chernomyrdin reforms policy, which they simply will not abandon. It is the result of an irresponsible policy on the part of the entire government, which thinks more of its own than of the people's welfare.

S. Kalashnikov, chairman of the Committee for Labor and Social Support:

Today we must work out how correct the line which the government is pursuing is. Is there any point in continuing it in the future? We intend to ratify a whole series of laws now. These are primarily laws connected with budgets. And the country will live for the next 18 months according to our decisions.

In this connection I would like to turn your attention to the existence of a number of myths which have been presented to us by the government.

The first myth is connected with financial stabilization. Mikhail Mikhaylovich Zadornov said that as of today the figure for the first five months' inflation totals 78 percent. And in 1994 it was 72 percent over the first five months. That is, in other words, the declared stabilization, which is the condition of a tough financial policy, does not stand up to criticism. Yes, all budget-funded enterprises and everyone who really depends on the state feels the tough financial policy fully, but this has nothing to do with inflation.

You wonder whether the government fundamentally does not understand which sources of inflation determine our life today, or whether it is deliberately deceiving us with some design.

The second aspect is connected with the government's successes in funding the budget in the first five to six months of 1995. Colleagues, let me remind you of just one figure. The budget which we adopted was based on a phenomenal assessment of the GDP as R950-1,000 trillion.

Today's figures from the Ministry of the Economy suggest a GDP of R1,550 to 1,650 trillion for 1995. That is, it is clear from the simplest figures that the government should be obtaining income that is not 1 or 2 percent higher, but at least 50 percent higher. I would like to ask the government a question. Where is this 50 percent arising from the review of the nominal value of GDP?

A paradoxical situation has formed. According to government information, the rate in the fall of production is slowing down sharply, and the level of production in May and June even exceeded last year's level. On the other hand, real monetary income has started to decrease, and notably, for the first half-year, it was 93 percent of the figure for the first half of 1994, while real earnings have fallen by 28 percent in comparison with 1994. This is a very strange kind of stabilization.

On the basis of the half-year results, we have higher inflation than last year, a reduction in real income and wages, and an increase in the numbers of the population whose income is lower than the minimum living wage. Just on the basis of the State Committee for Statistics data, which is highly provisional, the number of people living on less than the minimum living wage has increased by 18 percent, which makes 44.5 million people today, or 30 percent of the total population. There has been a significant growth in unemployment by 16 percent overall, and in the number of people officially registered by 73 percent, which means that unemployment is taking on an active form. There is a continuing collapse in investments, which have fallen by 25 percent. In other words, the course which has been declared in our country as a course toward stabilization is simply a myth, and I very much regret that many State Duma deputies cling to it. Really, it would not be a bad thing to look at real life....

And last, Viktor Stepanovich, I say this to you personally. Voters often ask me: "How can we live on this income, on this pension, on these wages?" I do not know how to answer. I do not know how you can survive if a nanny in a kindergarten earns R60,000 and she has gone to work there in order to be able to put the child into the kindergarten. But she has to pay R100,000 for the child. I do not know what to say to a teacher who receives R120,000-130,000 at best, when a travel ticket costs R70,000.... I would be very pleased, Viktor Stepanovich, if you could find the answer to that question.

Duma Deputies Criticize Shumeyko Remarks

MM2107114295 Moscow PRAVDA in Russian 21 Jul 95 p 1

[Report by Nikolay Musiyenko: "Seeing Bandits Everywhere.... Vladimir Shumeyko's Fantasies"]

[FBIS Translated Text] Vladimir Shumeyko's insulting accusations against Abkhazia leader Vladislav Ardzinba and essentially of the entire people of this country who have seen much suffering, made during a recent tour of Transcaucasian countries were too much for the State Duma deputies. There appeared in the lower chamber of the Russian parliament an appeal by the Duma deputies to their colleagues in the Federation Council, which, as is known, is still chaired by Vladimir Filippovich. The appeal has already been signed by more than 100 parliamentarians, including S. Glazyev, V. Sevastyanov, A. Lukyanov, M. Lapshin, V. Zhirinovskiy, K. Zatulin.... The collection of signatures continues.

The appeal notes that this is not the first time this keen "international tourist" has placed in a dangerous situation people living in a conflict zone on the periphery of the former USSR. For instance, when he was in Moldova, but did not get around to dropping in on the Dniester Region, V. Shumeyko dictated the "leadership" view on the future of the Dniester Moldavian Republic and the Russian 14th Army. Last December he imagined Chechen terrorist bases in Abkhazia, whereupon the Russian-Abkhaz border was closed, people beyond the Psou River effectively faced a blockade and are now doomed to starve. During his recent visit to Armenia he took the liberty, allegedly on Russia's behalf, of appearing on national television and backing one of the parties in the elections to the Armenian parliament.

"It is time it was finally admitted," the Duma deputies' letter says, "that Vladimir Filippovich's behavior is detrimental to Russia's interests and to our compatriots abroad, and by remaining silent on this matter we are creating an ambiguous impression of the true opinion of the Russian Federation corps of deputies." There follows a request for a discussion of the appeal at the next sitting of the Federal Assembly upper chamber.

Incidentally, at a press conference in Moscow on Wednesday [19 July], Vyacheslav Mikhaylov, minister for nationalities affairs and regional policy and head of the government delegation at the talks with the Chechen Republic, was asked what he thought of V. Shumeyko's statement that Ruslan Aushev "can represent Checheno-Ingushetia" at the conference in Sochi. (Evidently the Federation Council speaker was still ignorant of the fact that the republic had long since ceased to exist.) Mikhaylov grinned and remarked that V. Shumeyko is a man with a "rich political imagination" and that he should "make that statement in Nazran and see the population's reaction...."

Duma Ratifies Agreements on Military Cooperation

LD2107172995 Moscow INTERFAX in English 1536 GMT 21 Jul 95

[FBIS Transcribed Text] Moscow, July 21 (INTERFAX) — On Friday Russia's State Duma, the lower house of the Russian parliament, ratified agreements on Russia's military cooperation with Tajikistan and Kyrgyzstan.

These decrees stipulate the legal status of Russian citizens' military service in the armed forces of Tajikistan and Kyrgyzstan.

The agreements also provide for the functioning of Russian military sites in these republics.

The matter, in particular, concerns the Nurek space control system situated on Tajik territory. It helps to the Russian air defense forces to detect and to identify spacecraft flying in orbit at ranges of 2,000 to 40,000 kilometers. Russia has already allocated 86% of the necessary funds to build this station. As many as 490 Russian servicemen serve at Nurek station.

The presence of the Russian military advisers in Tajikistan will give assistance in the formation of the republic's own armed forces in order to gradually replace the Russian peacemaking contingent for the Tajik one, Rocket Forces and Artillery Commander Nikolay Dimidyuk reported to deputies.

Duma Adopts Bills on Military Issues

MM2107111495 Moscow KRASNAYA ZVEZDA in Russian 21 Jul 95 p 1

[Report by Vladimir Yermolin: "The State Duma Corrects Its Military Decisions"]

[FBIS Translated Text] The State Duma has jacked up the pace of law examination and adoption before the approaching parliamentary vacations. On Thursday morning the parliamentarians examined several draft laws which have a direct bearing on the Russian Federation Armed Forces.

Amendments to the Russian Federation law "On Military Service Obligation and Military Service" — more accurately, to the recently adopted law on making amendments and additions to this law — were adopted at once in three readings, i.e., on the whole. Thus the increase in the term of service to two years does not extend to those who were drafted for 18 months. Further, deferment from service has been restored for draftees raised and maintained by a parent for at least seven years, if the latter is over 50 years old, was not married during the said period, and has no other children. Finally, the term of service will be 18 months for those who are drafted to "trouble spots" and who participate in combat operations.

The whole question now is how the adopted amendments will get past the Federation Council and the Russian Federation president.

The draft law "On Making Amendments and Additions to the Russian Federation Law 'On Defense'" got through its first reading on the same day. It says, in particular, that "the creation of military (paramilitary) formations by components of the Russian Federation, organs of local self-government, political parties, public organizations, private and state enterprises, and also citizens is prosecuted under the law." Part 3 of Article 10 is set forth as follows: "The involvement of units, subunits, and other formations of the Russian Federation Armed Forces in the fulfillment of tasks unconnected with ensuring the defense of the Russian Federation is permitted only on the basis of federal law." In the same article: "It is forbidden to use the Russian Federation Armed Forces and military formations of the Ministry of Internal Affairs and the Federal Security Service to resolve political conflicts inside the country." The authors of the draft law attempted to make changes to the Russian Federation Criminal Code providing for punishment for the use of the Armed Forces on the territory of the Russian Federation in excess of their authority or official powers. The deputies reckoned that the Russian Federation Criminal Code interprets this point exhaustively even without additions.

Duma Rejects Cabinet's Move To Change Budget

MK2207082895 Moscow SEGODNYA in Russian 21 Jul 95 p 2

[Report by Svetlana Lolaeva: "Duma Refused To Untie the Government's Hands. Cabinet Has Already Granted 'Extra' Loans Worth 4.5 Trillions Rubles"]

[FBIS Translated Text] The State Duma again took up budget problems at its extraordinary sitting yesterday. The law "On Quarterly Distribution of Federal Budget Revenues and Expenditures for 1995" was passed on its first reading in spite of several critical remarks by the Budget Committee — in particular, on the unequal distribution of budget expenditures. The Duma, however, rejected government-presented draft laws introducing changes and amendments to the 1995 Budget Law.

According to Mikhail Zadornov, the Budget Committee chairman, the most important of these laws, which consists of only two articles, grants the government the right to spend additional budget revenues at its discretion and to sequester expenditures. In the opinion of the Budget Committee chairman, this formula "is completely unacceptable to the Duma." The Committee insists on specific changes being made to the budget, giving a clear breakdown of the expenditures and an indication of their precise purpose and the amount sequestered, as the law requires.

Mr. Zadornov said that the preliminary results of the six-month budget implementation have already come in and they lead to fairly interesting conclusions. This concerns budget loans in particular. Loans worth 2.5 trillion rubles, which should have been paid back into the budget, remained at enterprises and in the regions. Moreover, further loans valued at 4.5 trillion rubles were offered, which were not stipulated in the budget; in other words, some expenditures are being used for purposes not accounted for by the 1995 Budget Law. The changes and amendments to the 1995 Budget Law proposed by the government, in Mikhail Zadornov's view, however, cover all these violations and "will untie the government's hands" in the future. The Budget Committee will reconsider the draft laws presented by the government next week and will make its recommendations. For its part, the Duma, as the Budget Committee chairman said, will be taking up the issue of budget implementation more than once before the end of this year.

Duma Defines Priorities in Foreign Trade

LD2107205895 Moscow INTERFAX in English
1836 GMT 21 Jul 95

[FBIS Transcribed Text] MOSCOW, July 21 (INTERFAX) — The State Duma, the lower house of the Russian parliament, passed a statement on Russia's interests in foreign trade saying the country needed a long-term strategy for developing its foreign economic relations.

The Duma said it was necessary to restore broken economic ties with the former Soviet republics, many of which are "interested in creating another economic union with Russia."

"We should be bolder in creating transnational and international companies having branches in different CIS states and developing wide-range specialization and cooperation," the document said.

According to the Duma, Russia as an Eurasian power needs a concept of its involvement in European and Asian Pacific integration groups.

The document singles out Russia's joining GATT (WTO) as one of the main goals today.

The statement stipulates that "there is no sense in Russia's counting on foreign aid given its provision with resources." "Its own potential should be rationally used provided open access to equal and mutually profitable cooperation with other states, without any pressure or discrimination, is ensured," it concluded.

Duma Dissatisfied With Economic Performance

LD2107144195 Moscow INTERFAX in English
1153 GMT 21 Jul 95

[FBIS Transcribed Text] MOSCOW, July 21 (INTERFAX) — The State Duma has passed a resolution on Prime Minister Viktor Chernomyrdin's report, presented on July 19, on the socioeconomic situation in the country.

The resolution says that the government has failed to implement the basic provisions of the medium-term economic program for 1995-97, meaning that its work in the first half of the year has been unsatisfactory.

The State Duma also emphasized that certain constructive efforts made by the government for stabilizing the economic situation are insufficient to reach the goals listed in the presidential message to the Federal Assembly.

The State Duma called on the president to "consider the issue of personal responsibility of government leaders for unsatisfactory implementation of the tasks outlined in the presidential message."

Parliament suggested that the government make good on its debts to various sectors of the economy before September 1 and that it extend a state loan of 2.7 trillion rubles for purchases of grain and other farm products.

Furthermore, it urged the government to protect the Russian domestic market from unfair competition and take effective steps to collect the harvest.

The resolution was carried by 229 votes, while 226 votes were needed for it to pass.

Federation Council Rejects Law on Electoral Map

LD2107203895 Moscow INTERFAX in English
1836 GMT 21 Jul 95

[FBIS Transcribed Text] Moscow, July 21 (INTERFAX) — The Federation Council, the upper house of the Russian parliament, rejected a law on the electoral map Friday as it disagreed with a number of its provisions.

Only 66 deputies voted in favor of the document passed by the State Duma, the lower house, on July 14, while

25 voted against and 5 abstained from voting. As many as 90 votes are required to pass a decision.

The Federation Council proposed creating a joint conciliatory commission with the State Duma to finalize the law.

Meanwhile, article 11 of the electoral law stipulates that a special law, due to be published 110 days before the election day, will define the electoral map. Therefore, such a law should be subsequently approved by the State Duma, Federation Council and president before August 27, since the parliamentary elections were scheduled for December 17.

Otherwise, the elections will be held in the same constituencies as in December 12, 1993.

According to Central Election Commission Secretary Vladimir Vishnyakov, in this case the election results may be questioned because of a considerable difference in the number of electors in various constituencies. The new electoral law stipulates that the maximum acceptable difference must be below 10% within the region and below 15% in barely accessible and remote areas.

Council Ratifies Mir TV, Radio Agreement

LD2107175995 Moscow ITAR-TASS World Service in Russian 1559 GMT 21 Jul 95

[By ITAR-TASS parliamentary correspondent Lyudmila Yermakova]

[FBIS Translated Text] Moscow, 21 Jul (ITAR-TASS) — An agreement "On the international and legal guarantees for the unhindered and independent implementation of the activities of the Mir Interstate Television and Radio company" was ratified today by the Federation Council. This agreement was signed by the heads of nine states of the CIS in December 1993 in Ashgabat.

The committee for affairs of the Commonwealth of Independent States noted that "the main aim of the activity of the Mir company is to cover objectively and impartially all aspects of life and also international ties between the founder-states of this company and to inform citizens of events and processes taking place in the Commonwealth". The agreement which was ratified today will help the Mir television and radio company to carry out this task in line with international law.

Regional Affairs

Further Reportage, Commentary on Chechen Peace Talks

Chechens Unhappy With Russian Proposal

LD2107133995 Moscow INTERFAX in English 1153 GMT 21 Jul 95

[FBIS Transcribed Text] Groznyy, July 21 (INTERFAX) — The Dudayev delegation to Groznyy-based peace negotiations received the Russian proposal for the phrasing of a provision on the status of Chechnya and offered comment on it, Chechen negotiator Akhyad Idigov told INTERFAX Friday immediately after the Chechen and federal delegations announced a short "technical recess."

In Idigov's view, the Russian phrasing "deprives the Chechen people of the right to sovereignty."

"The Russians have been stubbornly lying about the ostensibly already coordinated view of the status adopted Thursday" so as to "accuse the Chechens of inflexibility and torpedoing negotiations," Idigov said.

Idigov cast doubt about optimistic forecasts that a political document would be signed soon. Russian negotiators have said a document could be signed within a few days.

He accused the Russian delegation of "deliberate attempts to move some fanatics to replay the Budennovsk tragedy in some other place after negotiations end in stalemate."

Once the technical recess was over at 13:00, the negotiations resumed on the grounds of the OSCE [Organization for the Security and Cooperation in Europe] mission in Groznyy.

Chechen Status Reportedly Resolved

LD2107155095 Moscow ITAR-TASS World Service in Russian 1458 GMT 21 Jul 95

[By Aleksandr Kharchenko]

[FBIS Translated Text] Groznyy, 21 Jul (ITAR-TASS) — The issue of the Chechen Republic's status can be said to have been resolved, Arkadiy Volskiy told journalists today after completion of the latest round of Chechen peace talks. The deputy head of the Russian delegation to the talks in Groznyy announced that more detailed information would be supplied to the media tomorrow at a joint news conference.

Volskiy was pleased with the progress made at today's talks, as was Dudayev spokesman Usman Imayev, who is once again taking part after several days of absence due to illness. Imayev said in particular that this was a successful day and that a joint communique would be drawn up tomorrow.

The current round of talks mainly dealt with the statehood and legal status of Chechnya. Yesterday the sides were unable to sign a concluding document because of differences on this issue. The other clauses in the accord have been virtually agreed.

Official Minimizes Accord Significance

LD2107192195 Moscow Radio Rossii Network in Russian 1800 GMT 21 Jul 95

[FBIS Translated Text] On Friday evening Marina Chernukha interviewed Vladimir Zorin, first deputy head of the Territorial Directorate of Federal Bodies of Executive Power in Chechnya.

[Begin recording] [Chernukha] As is known, the question of the status of Chechnya was discussed today and judging by the satisfied faces of the participants in the talks the correspondents concluded that the question had already been resolved. What is your opinion about that?

[Zorin] Questions will be resolved when protocols or documents are signed. The question of status is, of course, a very important one but I would not attach to it any more significance than it has. The fact of the matter is that the delegations in their present composition are, of course, unable to resolve that problem. It is not in their power. Higher powers are needed. But the most important thing is that approaches to this problem are being sought and are perhaps being found.

[Chernukha] What do you think is still to be resolved at this level in Groznyy during these talks?

[Zorin] I think that quite a few important questions have still to be discussed, for instance: Guarantees for ensuring that the decisions on the military bloc of issues are implemented, problems of disarmament, guarantees on the non-use of force to resolve moot political questions; and the most important thing — guarantees for those involved in the conflict who have not committed criminal offenses and who will stop participating in the armed conflict voluntarily or by mutual agreement. The question of a mechanism for disarmament, a mechanism for elections guaranteeing the free expression of the will of the peoples on the most important questions of interest to society in the Chechen Republic is evidently still be to discussed. [end recording]

No Headway Viewed in Chechnya Status

MK2207120695 Moscow KOMMERSANT-DAILY in Russian 22 Jul 95 p 3

[Commentary by Dmitriy Kamyshev: "Situation in Chechnya. Talks Are Going Successfully, But Without Results"]

[FBIS Translated Text] The intricacy of the Groznyy peace talks is growing increasingly incomprehensible to outside observers. The Russian side keeps speaking about full agreement between the sides and imminent signing of a final document, whereas the Chechens continue insisting that this is still a distant prospect. The difference in the assessments of progress in the dialogue is so great that at times one gets the impression that each side is speaking about totally different talks.

After the resumption of the third round the customarily upbeat statements on the course of the talks by members of the Russian delegation have grown even more optimistic. On Thursday [20 July] evening, Vyacheslav Mikhaylov [Nationalities Minister] declared that "a compromise has virtually been found" and the sides agreed on almost the entire section of the final document relating to Chechnya's status, save four lines. Yesterday [21 July] morning Arkadiy Volskiy described the formula found on Thursday "fairly acceptable for all" and said that "unless the opposite side thinks up something additionally," the talks may wind up on Saturday [22 July]. The greatest optimist of all proved to be the vice premier in the Khadzhiyev government, Abdula Bugayev, who assumed that the present round could end as early as Friday.

However, the "opposite side" was for some reason unaware of the latest negotiating success. One of the Dudayev delegation negotiators, Akhyad Idigov, accused Russian delegates, the day before, of retreating from the already agreed positions following their recent consultations in Moscow. Speaking about the compromise on the formula for the republic's status, allegedly reached on Thursday, he stated that he did not know what this formula was. True enough, Idigov became familiar with the Russian version by yesterday morning and said that the wording proposed by the Russians "completely denies the Chechen people the right to sovereignty," whereas all the statements by the Moscow delegates on an agreed version of the document represent "planned misinformation" with the aim of accusing the Dudayevites of being unyielding and disrupting the talks. The Chechen delegate was also skeptical about the anticipated speedy signing of an agreement. In his words, the Russian delegation "is deliberately seeking a situation whereby some fanatical group will repeat the Budennovsk tragedy in some other place after the talks are driven into deadlock."

Such polar interpretations of how the talks are going suggest that at least one of the sides is informing journalists not too precisely, to put it mildly, on what is happening in the OSCE mission building. Whereas the Russian delegation is virtually unanimous in its excessive optimism, Akhyad Idigov in the Dudayev delegation largely plays the role of the main exposer of Moscow's intrigues. One can of course assume that it is he who represents the "hawks" seeking to disrupt the peace dialogue repeatedly referred to by Mikhaylov and Volskiy, whereas Usman Imayev and Aslan Maskhadov in fact agree with Moscow on all matters. If we recall, however, that none of the numerous Russian statements on complete agreement between the sides and on a final document to be signed the day after have been confirmed, the unrestrained optimism of the Moscow delegation appears much less realistic than the gloomy pessimism of the Dudayevites.

Chechens React to Statement by Volskiy

LD2207133695 Moscow INTERFAX in English
1214 GMT 22 Jul 95

[FBIS Transcribed Text] Groznyy, July 22 (INTERFAX) — The Chechen negotiators protested what Russia's second-ranking negotiator in Groznyy Arkadiy Volskiy said Friday.

Asked whether Chechnya would remain part of the Russian Federation, Volskiy said: "What else is there for it to do?"

The Dudayev delegation is now faced with the task of convincing the Chechen people that it had not betrayed the national interests and had not been bought by Moscow, chief Chechen negotiator Usman Imayev said.

Volskiy's words were rude and hardly diplomatic, Imayev said.

According to Imayev, the negotiating teams ordered a videotape of the Friday interview and intend to see it Saturday.

In Imayev's view, Chief Russian negotiator Vyacheslav Mikhaylov made an untimely statement on Chechnya being part of the Russian Federation.

Nonetheless, the Chechens have no intention of hinging Chechen-Russian relations on statements made by individual Russians now that "people throughout Chechnya have been alerted to celebrate the signing of a political document."

As long as the negotiations continue, the negotiators should refrain from making rash and untimely statements, Imayev said.

Russians Release Detainee To Chechens

LD2207133095 Moscow ITAR-TASS in English
1320 GMT 22 Jul 95

[By Sharip Asuyev and Aleksandr Kharchenko]

[FBIS Transcribed Text] Groznyy, July 22 (ITAR-TASS) — The Russian authorities handed over on Saturday one Chechen detainee to the Chechen delegation to the peace talks in Groznyy.

Beslan Derbishev, 22, a resident of the village of Kulary, said he had been detained 10 days ago by a Russian military patrol. The details of his detention and release were not immediately available.

Derbishev was handed over to Usman Imayev who leads the Chechen delegation to the talks with Russia.

The exchange of prisoners of war and detainees is one of the issues discussed at the talks now underway in Groznyy.

A high-ranking Russian military official told ITAR-TASS that the Dudayev side had pledged to prepare and provide a list of Russian servicemen being held in captivity in Chechnya.

However, he noted that an exchange of prisoners of war and detainees based on the "all for all" principle may begin only after a successful conclusion of the peace talks.

Yeltsin Demands Tougher Stance

LD2307143695

[FBIS Editorial Report] Moscow NTV in Russian at 1500 GMT on 22 July broadcasts in its "Segodnya" program a 2-minute report by correspondent Andrey Cherkasov on the progress of the Groznyy talks on Chechnya.

After noting the Chechen delegation's protests about Russian delegation leader Volskiy's remarks on Chechnya's status to a Russian television station, Cherkasov says the following:

"During the afternoon the telephone rang in the [Russian] mission. An adjutant went up to Mikhail Krasnov, the president's official representative in Chechnya, and said: It's for you. Picking up the receiver, Yeltsin's representative heard at the other end the hale and hearty voice of the person whose illness has recently been the subject of many rumors. Boris Nikolayevich [Yeltsin] is terribly dissatisfied with the Russian delegation's latest formulation on the status of the recalcitrant republic and demanded that they toughen their position. It is not yet known in what way exactly."

Cherkasov continues by saying that the two delegations refused to comment on any of the issues under discussion, and adds that Chechen President Dudayev has expressed opposition to Moscow's zero option — that all political leaders in Chechnya leave their posts — and that Dudayev wants to remain until the elections.

Imayev Reacts to Volskiy Comments

LD2207172195 Moscow Russian Television Network in Russian 1600 GMT 22 Jul 95

[From the "Vesti" newscast]

[FBIS Translated Text] Several political agreements was expected to be signed today at the negotiations in Groznyy. Before the start of today's session, Vyacheslav Mikhaylov, leader of the Russian delegation, said to journalists he is hoping that today's morning will be wiser than yesterday evening. New problems suddenly emerged at the talks in the morning, however. They were caused by a report in yesterday's "Vesti" program. Let me remind you that Arkadiy Volskiy, deputy leader of the Russian delegation at the peace talks in Chechnya, when asked by our correspondent yesterday whether Chechnya will remain within Russia, said, and these are his words: But where else will it go?

And now the report from Groznyy:

[Unidentified correspondent] Our last report from Groznyy caused an immediate reaction at today's negotiations. The Chechen delegation expressed a protest in connection with yesterday's comment by Arkadiy Volskiy about the status of the Chechen Republic. Having barely started, the negotiations were suspended. The Chechen side took time out and left for a meeting. [addresses Chechen negotiator Imayev] What is your reaction to this?

[Imayev, surrounded by bodyguards and officials, facing camera] Volskiy should be judged by the sharia court and given 40 lashes. Right now we are discussing precisely this matter because it has had a negative effect on the normal development of the negotiations.

[Correspondent] Nevertheless, the sides will have to discuss political issues, and among them is the status of Chechnya. Should the republic be independent or remain a constituent part of the Russian Federation? It seems that those assembled at the OSCE mission are not faced with this problem. Here, they are discussing other important issues. According to information from a source close to both delegations, until a referendum in Chechnya can be held, the political situation in Chechnya will have to be determined in accordance with the Constitution of the Russian Federation.

The opinions of individual participants in the negotiations are so different that no one individual is capable of influencing the general development of the negotiations process. Today, political issues are being debated in the OSCE mission. [Video shows the OSCE mission, the two delegations, leader of the Chechen delegation Usman Imayev]

Dudayev Says Talks Success 'Unlikely'

LD2307084395 Moscow ITAR-TASS World Service in Russian 0751 GMT 23 Jul 95

[By Aleksandr Kharchenko and Sharip Asuyev]

[FBIS Translated Text] Groznyy, 23 July (ITAR-TASS) — "These talks have not achieved anything worthwhile and are unlikely to, because the are in the hands of petty-minded fools," was how Dzhokhar Dudayev described the Chechen peace talks continuing in Groznyy. He spoke on his underground, so-called "presidential" television channel, the transmissions of which were broken off after federal troops took Vedeno but resumed a week ago.

Dudayev said he was skeptical about the Groznyy peace talks because the Russian delegation is interested, as he put it, not in establishing peace and tranquillity in Chechnya but in prolonging the crisis.

Concerning the problem of the Chechen republic's status in state law, Dzhokhar Dudayev said: "The Chechen Republic of Ichkeria is a sovereign independent state, and the Chechen nation is a free people..."

Dudayev called on his fellow countrymen to give up the illusion that Russia will restore anything in Chechnya, but said there are other states and peoples ready to provide Chechnya with real assistance. "We will have new towns built of white stone, new roads, and new communications!" he assured them.

In conclusion, Dzhokhar Dudayev said "there are no forces on earth that will break the will of the Chechen people and get it back into Russia's animal stall."

Immediately after Dudayev's interview, the same channel showed television interviews with Chechen field commanders. The main theme emphasized in their statements was that none of them needs war, but that if they have to they will be ready together with their fighters to die for the freedom and independence of Chechnya.

Chechen Delegate Views Status Problem

LD2307123995 Moscow INTERFAX in English 1159 GMT 23 Jul 95

[FBIS Transcribed Text] Groznyy, July 23 (INTERFAX) — According to Akhmed Zakayev, a member of the Chechen delegation, at the talks in Groznyy of great importance is the fact that today the Chechen delegation is not authorized to determine Chechnya's relations with the Russian Federation, while the Russian delegation has no powers to recognize Chechnya's independence."

Answering the questions put by INTERFAX, Zakayev said: "I believe a neutral solution will be found and we shall still sign an agreement on a block of political questions."

Later in the day, he said, the two sides continued to discuss "principally important political problems, which are a stumbling block at the talks."

Nevertheless, he said, "I do not think that an agreement on political problems will be signed by the evening on Sunday. This depends on many factors."

"I believe that the fact that we have put an end to hostilities in Chechnya is the greatest achievement at the talks today," and added: "We hope that the fighting will not resume no matter whether we shall reach an agreement on political questions or not."

Communique 'Ready for Signing'

LD2307152295 Moscow ITAR-TASS in English 1506 GMT 23 Jul 95

[By Aleksandr Kharchenko]

[FBIS Transcribed Text] Groznyy, July 23 (ITAR-TASS) — Usman Imayev, head of the Chechen delegation to the peace talks with Russia in Groznyy, told journalists at 18:30 on Sunday that a "communique on the set of political issues is ready for signing."

Imayev said the text was being typed.

He also noted that "even if this document is signed, the talks will continue."

Kulikov Dismisses Dudayev Criticisms

LD2407082995 Moscow Russian Public Television First Channel Network in Russian 0500 GMT 24 Jul 95

[From the "Novosti" newscast]

[FBIS Translated Excerpt] The Chechen peace talks are to continue today. [passage omitted]

Interior Minister Colonel-General Anatoliy Kulikov has noted that the sides have already started implementing the military package. The exchange of prisoners is continuing and the mechanism for handing over weapons has been finalized.

Meanwhile Usman Imayev has noted that some nuances remain unresolved in the agreement on a package of political issues, which will have to be solved today.

Late last night we heard about the details of the progress of Groznyy talks on Sunday.

[Correspondent Aleksandr Onosovskiy; caption dated 23 July] Today could have been the most fruitful day of the Groznyy talks for some time. In an interview given by Usman Imayev [head of Chechen delegation] at about 1900 he said all the disagreements on the political package had been ironed out. The main issue in the package is the future status of Chechnya. Fruitful work was not even hampered by yesterday's appearance on Chechen TV of Dzhokhar Dudayev, who had some harsh words to say about the peace talks in the OSCE mission building.

[Usman Imayev, talking to newsmen] Dzhokhar Dudayev is not a member of the delegation. If we keep on asking who said what we shall never achieve anything. We are the official delegation here. If any delegation, be it the Russian or the Chechen one, is officially recalled, it will be different.

You keep asking me about the status — well, I can tell you that so far we have already had 27 different definitions. This could well be registered as a record. So we keep discussing the same issue over and over again.

So far, the talks have been going on normally. [passage omitted]

Arms, Troop Withdrawal Documents Traded

LD2407095995 Moscow ITAR-TASS World Service in Russian 0920 GMT 24 Jul 95

[By Sharip Asuyev and Aleksandr Kharchenko]

[FBIS Translated Text] Groznyy, 24 July (ITAR-TASS) — At the Groznyy talks on the settlement of the Chechen, conflict experts have exchanged additional documents that define the interaction for the surrender of arms and the withdrawal of troops. A competent source gave this information to an ITAR-TASS correspondent today.

Shirvani, the brother of Shamil Basayev, has just left for the mountains for additional consultations with field commanders on issues connected with the implementation of an agreement on a bloc of military issues.

Negotiators View Obstacles

LD2407124295 Moscow ITAR-TASS World Service in Russian 1200 GMT 24 Jul 95

[By Sharip Asuyev and Aleksandr Kharchenko]

[FBIS Translated Text] Groznyy, 24 July (ITAR-TASS) — The main problem at the talks on a peaceful settlement of the conflict in Chechnya remains the formula on the status of Chechnya, the participants in the talks who came out of the OSCE building where the talks are taking place confirmed in a conversation to journalists during a short break today.

At the same time, Vyacheslav Mikhaylov, head of the Russian delegation, stressed: "It is not the status of Chechnya which is at issue. Its status has been determined. The Chechen Republic is a component of the Russian Federation. What is at issue are the characteristics of this status."

Vyacheslav Mikhaylov said that the Dudayev side does not yet accept this formula. However, these talks are aimed at overcoming precisely this and other differences, he stressed.

In the opinion of Vyacheslav Mikhaylov what is most important is to form as soon as possible a unified body which would have power over the entire territory of the republic. The Dudayev side agrees to this, he noted.

Arkadiy Volskiy, a member of the Russian delegation, told journalists that the situation at the talks had become exacerbated after Dzhokhar Dudayev's address on underground television in Groznyy.

"Difficult and exhausting work is under way and will continue," Arkadiy Volskiy stressed. He asked journalists not to dramatize the situation.

Speaking next to journalists, Usman Imayev, head of the Dudayev delegation, stressed that questions of the status of Chechnya and also the place and role of the legitimate bodies of power of the Chechen Republic are the main problems at the talks.

Chechen Basayev Interviewed; Stinger Photos Viewed

LD2207194695 Moscow Russian Public Television First Channel Network in Russian 1905 GMT 21 Jul 95

[Interview with Chechen rebel Shamil Basayev by correspondent Zviad Bogatyrevsk, recorded on 15 July in the "Chechen Highlands," followed by studio comments by moderator Aleksandr Lyubimov; from the "Vzglyad" program]

[FBIS Translated Text] They look for Dudayev and Basayev but cannot find them. The Stavropol Territory procuracy yesterday made the sensational announcement that Basayev is somewhere near Groznyy. That is interesting — the investigation is so far advanced that they already know where he is. But the terrorist is still at large.

We have not been standing still either. A few days ago, our correspondent Zviad Bogatyrevsk met Shamil Basayev in the south of Chechnya. [Video shows film crew trekking through thickly-forested hills; screen caption says "Chechen Highlands, 15 July"]

[Bogatyrevsk] It is not at all difficult to meet Shamil Basayev. What was difficult was the nearly 30 km passage across the thickly-wooded Chechen Highlands. The old friends showing us the way knew where we might walk into mines or ambushes laid by either the federal troops or the guerrillas. [Video shows Basayev and acquaintances in a makeshift room, lounging on mattresses and pillows, watching television]

I found Basayev watching television. He was watching BBC footage of Groznyy shot in winter.

[Basayev, identified by caption] We got into Budennovsk. We were literally one or maybe two days ahead of another group that had also gotten together to go to Russia, about 300 of them. They were about to go, but stopped when they saw on television that we were already in Budennovsk, and all the rest of it. That's a fact. [apparent editing cut occurs here]

There were three attempts to take us by force. The first one in particular was very tough, very powerfully done. Do you understand? It was soldiers, or officers, I don't know who, attacking us. It was all very brave and courageous, but sheer stupidity, see? They kept coming at us, coming forward and being shot down. But it was stupid, see? So many of them died, and the ones to blame are those who gave the order to attack, because the men were professionals, but their commanders were idiots, see?

[Bogatyrevsk] Who else made an impression?

[Basayev, laughing] Yerin.

[Bogatyrevsk] How?

[Basayev] How? By getting on our nerves! [laughs] By the 18th, we had more or less agreed with Chernomyrdin. At 1100 on the 18th, we were ready to leave. Chernomyrdin was ready. Everything was agreed upon, everything was fine. All that was left was the technical side of it — to get the buses there; and Yerin spent a whole day and more getting these buses together, doing something or other.

Then there's this phone call — the contracting party proposes to you that it presents the buses not in a column but in a single line [laughter]. By the end of it, we had had enough of him. We were going stupid ourselves by then.

I sent Aslanbek out. I told him, look, go and sort it out yourself. Aslanbek says to him [Yerin], let's swap places. Yerin says, what do you mean? Like this — you be the minister and I'll be the terrorist! [laughter]. Because right now, it's the other way round! [apparent editing cut]

What surprised me was Chernomyrdin.

[Bogatyrevsk] How?

[Basayev] Huh?

[Bogatyrevsk] How?

[Basayev] I did not expect him to do that. I just did not expect him to do such a thing. When we were there in the talks, we did not expect it, at least I personally did not. [Video shows more shots of Basayev's acquaintances, men in military fatigues drinking tea and smoking, tending their weapons]

[Basayev] I do not threaten anyone. There was a journalist who got me when I was alone, and I was dumb enough to say I had them. After that, they started swarming all over us like flies around a honeypot: Have you really got them?

[Bogatyrevsk] Got what?

[Basayev] Huh?

[Bogatyrevsk] Got what?

[Basayev] Bacteriological weapons and the rest of it.

[Bogatyrevsk] You haven't?

[Basayev] I have, but not me personally. People bring them to me, see?

[Bogatyrevsk] What people?

[Basayev] Huh?

[Bogatyrevsk] What people?

[Basayev] People who do have them — like I was showing you how much money I have just now. (On television, people were complaining they don't have any money, but they bring it to us, see?) Just yesterday someone was offering red mercury again, five-liter bottles of the stuff. I said: No, thanks, I've got more of it than I know what to do with.

[Bogatyrevsk] What about Stingers?

[Basayev] Huh?

[Bogatyrevsk] What about Stingers?

[Basayev] I have two, for me personally. I was given two Stingers for my personal safety. But I have a good machine gun for my personal safety. [words indistinct].

[Bogatyrevsk] Who gave you the Stingers?

[Basayev] Huh?

[Bogatyrevsk] Who gave you the Stingers?

[Basayev] A fellow Chechen. Honestly.

[Bogatyrevsk] Can I have a look?

[Basayev] I passed them on to the lads out there in the war. You'll see them in time. [apparent editing cut]

We can sort it out by talking, because you can always do a deal in the end, see? It's even in Russia's interests now to recognise us and deal with us economically, because we are bound to Russia — economically, politically, culturally, in everything — the single national power grid, the defense system, and so on. We can quietly do a deal on everything, including setting up a joint defense system. We can sort it all out, see? But we do not want to be slaves. We do not want another knock on the door tomorrow morning, or have them marching in without knocking and giving us half an hour to assemble, 20 kilos of hand baggage, and off to Kazakhstan. We do not want that, understand? We want to be masters of our own destiny.

Anyway, we are neighbors, no getting around it. That is our fate, to our great misfortune. [Video report ends]

[Lyubimov, in studio] The Stingers that Shamil Basayev mentioned in that interview are a real sensation. We have photographs of them. [Video shows three photographs: one of a weapon lying on a blanket or mattress, and two of the same weapon being shouldered by a masked man]

Inflamed Anti-Chechen Tension in Orenburg Cited

MM2407121995 Moscow PRAVDA in Russian 22 Jul 95 p 4

[Report by Yuriy Nikiforenko: "All Clear on the Horizon...."]

[FBIS Translated Text] Anonymous leaflets have appeared in Orenburg calling for "Chechen bandits" to be taken hostage. The appeal is aimed at inflaming interethnic hatred. Meanwhile, representatives of dozens of peoples have lived in the Orenburg area since time immemorial. Until recent times they have lived in peace and harmony.

Some people, however, would very much like to inflame the situation and instill nervousness and anxiety in the population. Ham radio operators in the city of Orsk "picked up" the call sign of some unknown group, numbering about 50 persons, who they claimed were moving toward Orenburg from Uralsk (Kazakhstan). The "vigilant" radio operators supposed that they could be "Chechens."

Police and Federal Security Service details in regions bordering the fraternal republic were reinforced.

However, the "enemy" was not seen on the horizon.

Cossacks Urge Resettlement of Local Chechens

MM2407124695 Moscow IZVESTIYA in Russian 22 Jul 95 p 2

[Report by Igor Rotar: "Cossack Time Bomb"]

[FBIS Translated Excerpt] Groznyy-Naurskiy Rayon-Moscow — "We are all Chechen hostages," Nikolay Kamyshnikov, hetman of Ishcherskaya Village on the left bank (the Trans-Terek) side of Chechnya, said. The situation in this northern region of Chechnya remains extremely tense. In the rayon center of Naur a rally of local Chechens calling for the "withdrawal of occupying troops" continues. "Why are you doing nothing, you men! Take up arms and drive out the Russian soldiers!" one of the speakers, a pretty girl of around 20, urged the demonstrators.

Local Cossack meetings are voicing quite the opposite demands — "return Shelkovskiy and Naurskiy Rayons to Stavropol Kray, and resettle all the local Chechens to the right bank." [passage omitted]

The hetman believes that the problem can only be solved by radical means — "the left bank should be given to Stavropol Kray, and all the Chechens should be resettled. It is just impossible to reach agreement with them. You know, our grandfathers used to joke that the only good Chechen's a dead Chechen!"

Need it be said that such a solution does not suit the Chechens, who, incidentally, outnumber the Cossacks on the left bank. "This is our land. If the Cossacks want to live here they have to recognize that they are in Chechnya," the Chechens believe.

But the villagers themselves believe that might is clearly not on their side at the moment. "The Chechens have very many real weapons, we just have a few hunting rifles. We can only rely on help from our brother Cossacks!" Esaul Mikhail Chebotarev told me.

Naurskiy Rayon borders Stavropol Kray, where in the wake of the Budennovsk events forcible deportations of Chechens have begun. "If the Cossacks start killing our countrymen in Stavropol Kray, we will take revenge in the Cossack villages in Chechnya," I heard one Groznyy "hothead" say.

"Basayev was a classic piece of provocation. Chechens are now being persecuted in Stavropol Kray, and this could trigger retaliation. You get the impression that someone would find it very advantageous to finally turn the Chechen conflict into an interethnic conflict. I would not be surprised if that scenario was being developed in Moscow," Salambek Khadzhiyev, prime minister of the Chechen Government of National Revival, believes.

Yeltsin Presents New FSB Chief to Service Heads

LD2407131595 Moscow INTERFAX in English 1305 GMT 24 Jul 95

[FBIS Transcribed Text] Moscow, July 24 (INTERFAX) — Russian President Boris Yeltsin introduced new director of the Russian Federal Security Service (Russian acronym FSB) Mikhail Barsukov and his first deputy Viktor Zorin to the service heads at a meeting at the Barvikha resort, the Moscow region, Monday, well-informed Moscow sources told INTERFAX.

Premier Meets With Siberian Leaders in Tyumen

MM2407133395 Moscow TRUD in Russian 22 Jul 95 p 1

[Report by Leonid Ivanov: "Siberia's Main Asset"]

[FBIS Translated Text] Russian Prime Minister Viktor Chernomyrdin's working visit to Tyumen Oblast is over.

At a meeting the premier was asked to expand upon his well-known saying that Russia's assets are growing in Siberia. Viktor Stepanovich immediately replied — "Of course they are, through its people, Siberians! It is people who are our main asset. We should always give pride of place to social issues — God forbid we should ever break that chain, where everything begins."

The discussion at the conference of leaders of the 19 Siberian regions covered the fate of the fuel and energy complex. Tyumen Oblast provides 70 percent of all Russia's oil and 90 percent of its gas. There are very many problems in the fuel and energy complex. Chief among these continues to be defaulting, the state of the complex's social sphere, and its environmental safety.

Siberians see a possible solution in setting up Tyumen and Siberian oil companies, creating an international financial-industrial group based on "Omsknefteorgsintez," and a number of other projects. These have all been painstakingly developed and studied, and have undergone lengthy discussion before being submitted to this large conference. Incidentally, during it many participants worked almost throughout the night, making amendments and additions to the documents that had been prepared. So this trip to Tyumen by numerous representatives of Siberian territories and senior ministry and department officials, and the meeting with the premier will probably help to solve a number of socioeconomic problems.

Chernomyrdin, Regional Leaders at Tyumen Conference

MM2107115595 Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 95 p 1

[Unattributed report: "'Siberian Accord' in Tyumen"]

[FBIS Translated Text] The development of Siberia's fuel and energy complex is the main topic of the "Siberian Accord" Association's conference, which began in Tyumen yesterday. Viktor Chernomyrdin, chairman of the Russian Federation Government, is taking part in its work together with the leaders of 19 republics, krays, and oblasts.

Vitaliy Bushuyev, Russian deputy minister of fuel and energy, stated that the questions due to be discussed include the mechanism of investments in the oil and gas sectors of West and East Siberia and opportunities for geological prospecting and the organization of the more thorough processing of coal in the Kansk-Achinsk fuel and energy complex.

U.S. Ambassador's Trip to Altay Kray Reported

MK2207065495 Moscow SEGODNYA in Russian 21 Jul 95 p 3

[Unattributed report]

[FBIS Translated Excerpt] Barnaul — United States Ambassador to Russia Thomas Pickering has arrived in the city. The delegation he leads consists of embassy staffers, "Esso" President George Davis, and American journalists. "I have come to the Altay," the American ambassador said, "at the invitation of the governor to meet with him and kray officials, to learn a bit more about this region, and to promote further improvement in cooperation between us, as well as to become acquainted with local ecological projects." [passage omitted]

Vice Premier's Tour of Chernozem Region Viewed

MM2407122095 Moscow SELSKAYA ZHIZN in Russian 22 Jul 95 p 2

[Report by unidentified ITAR-TASS correspondent: "Tour of Chernozem Farms"]

[FBIS Translated Text] Tambov, 21 Jul — Vice Premier Aleksandr Zaveryukha visited Tambov within the framework of the government program for the stabilization and development of agro-industrial production in 1996-2000. The oblast administration announced that the vice premier's route covered remote areas of the Chernozem Region, where the harvest is under way.

The government program for the stabilization of the agro-industrial complex stipulates the need for economic regulation of the agrarian market as the priority task. Gennadiy Romanenko, president of the Russian Academy of Agricultural Sciences, said in Moscow that this regulation is based on the provision of incentives to ensure that the country is self-sufficient in terms of basic foodstuffs.

The program envisages budget funding for the agro-industrial complex amounting to at least 15 percent of federal and regional budget spending. The task of raising overall capital investment from all sources of funding by the year 2000 to 155 trillion rubles [R], in other words restoring the 1991 level, is being raised.

Russian Vice Premier Aleksandr Zaveryukha visited a number of grain and livestock farms in the central region.

The problems of peasants' survival in impending market conditions boil down to lack of money and fuel and low prices of grain, meat, fruit, and vegetables. The vice premier was told this by private farmers, kolkhoz workers, and farm leaders. In their view, the government must place firm orders for deliveries of national foodstuffs to local and federal stocks and enable peasants to provide the country and themselves with a decent food supply.

There is no comprehension in the State Duma and society as a whole that land forms the basis of our prosperity. This was said by Russian Vice Premier Aleksandr Zaveryukha when speaking to tractor drivers in the field in Tambov Oblast's Nikiforovskiy Rayon. He claims that only a small number of deputies uphold rural interests in the Duma.

You could see from the vice premier's speech that the Russian Government has no intention of providing endless support for weak farms. He urged peasants to rely on their own reserves. To begin with, they must dramatically cut back the bureaucratic apparatus at collective farms and rayon and oblast structures. It is also necessary to dramatically reduce the number of federal services, of which there are around 50 in Tambov alone.

Yesterday Russian Vice Premier Aleksandr Zaveryukha visited Lipetsk Oblast. The vice premier studied the state of affairs in the fields in Gryazinskiy and Lipetskiy Rayons and met sector leaders. The topics discussed included the leasing of agricultural equipment, primarily beet and silage harvesters. A good harvest of these crops is ripening in the oblast. However, the existing machinery and tractor pool is unable to ensure that they are harvested promptly.

'Forward Russia' Leader Seeks Support in Far East

MK2207085295 Moscow SEGODNYA in Russian 21 Jul 95 p 3

[Report by Oleg Kryuchek: "Boris Fedorov Hopes for Support of the Provinces. 'Forward Russia' Leader Softens Stand on Regional Authorities"]

[FBIS Translated Text] Boris Fedorov, leader of the "Forward Russia" movement and former finance minister, who has arrived in Vladivostok, told media reporters about the tactics of how he and his movement are going to muster greater support in the provinces rather than in Moscow and St. Petersburg.

Mr. Fedorov's schedule includes meetings with Maritime Kray administration leaders, local business people, and, of course, his supporters. It should be noted that this is Boris Fedorov's second trip to the Far East. This visit differs from the first one at least insofar as Mr. Fedorov is now more reserved in his criticism of the local authorities and the governor, talking only of minor differences in the political principles of the "Forward Russia" movement and the political elite in the provinces. Unlike people from the left-wing and nationalist movements who visit Vladivostok often and willingly, Mr. Fedorov did not pledge support to the Far Easterners over the matter of scrapping the Sino-Russian border demarcation. Instead, the former finance minister said he thought the Far East should be turned into a springboard for trade with the Asian and Pacific rim countries and that the current and recently introduced customs duties should be revised. Mr. Fedorov believes that import duties should be totally abolished in the Far East and export duties should be imposed only for certain groups of commodities. The latter idea was liked by everyone that Boris Fedorov spoke with.

In addition to public meetings and news conferences, Mr. Fedorov will hold a discussion of election tactics in the regions with people from regional organizations of the "Forward Russia" movement who have come to Vladivostok. One cannot but point out, however, that any attempt to detect the colors of the "Forward Russia" movement in the Far Eastern political spectrum will most likely end in failure.

N. Ossetia Blasts Ingush Claim to Prigorodnyy

LD2307162095 Moscow ITAR-TASS in English 1527 GMT 23 Jul 95

[By Valeriy Shanayev]

[FBIS Transcribed Text] Vladikavkaz, July 23 (ITAR-TASS) — North Ossetian presidential adviser Georgiy Dzhigkayev blasted Ingush President Ruslan Aushev statement that the Prigorodnyy district of North Ossetia should be returned to Ingushetia.

In an article titled "Presidents Have No Claims" and published in the July 13-19 issue of the OBSHCHAYA GAZETA newspaper, Aushev said in particular that "we did not and do not have any territorial claims.... As for the Prigorod district, it should be returned to Ingushetia in accordance with the law adopted by the Supreme Soviet of the Russian Federation."

"No one has repealed that law yet," he noted.

Dzhigkayev said the statement has caused bewilderment in the republic because it "does not fit into" the agreement signed by the presidents of the two republics in Vladikavkaz.

In the agreement the presidents reiterated their commitment to the Constitution of the Russian Federation and confirmed that they had no territorial claims on each other.

Aushev's statement published by OBSHCHAYA GAZETA runs counter to the productive ideas laid out in the agreement which has become a new step towards establishing normal relations between the two neighbouring republics, the adviser said.

Criminal Case Against City Figures Related

954F2838A Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 p 8

[Article by Viktor Yevseyev: "Sobchak's Deputy Was a Bit of a Thief. He Spawned Golden Caviar and Trotted the Globe. Criminal Charges Filed Against High Ranking Bureaucrats From St. Petersburg"]

[FBIS Translated Text] The St. Petersburg Procuracy has sent to the city court a criminal case involving a former deputy of the mayor of St. Petersburg, two workers of the city customs office, and two other residents of the city. This was reported by the Center for Information and Public Relations of the General Procuracy of the Russian Federation. They are accused of illegally shipping caviar abroad. Additionally, the former deputy mayor was mixed up in transactions with foreign exchange assets—metal of the platinum group osmium-187. In turn, the customs officials were charged with official forgery and abuse of their office.

The procuracy established that the deputy of the chief of the city of St. Petersburg, who was employed previously in the trade administration of the Leningrad Oblast Executive Committee and then as general director of the Alisa trading house, had extensive contacts in trade and commerce. He had foreign exchange accounts in foreign banks and also three personal companies in Canada, Belgium, and Germany. In the FRG there was a firm called Fart-Dial, one of whose founders was, again, the deputy mayor and one of the others involved in the criminal case.

Procuracy investigators have been keeping track of the illegal actions since the spring of 1993, when the wheeler-dealers learned from the director of the individual private enterprise Mercury that there was a possibility of getting their hands on a considerable amount of caviar and selling it for a profit abroad. The only problem was that the business was kept from going forward by a so-called special policy for exporting fish and fish products. Without a license, the road to the other side of the border was closed off to them. And since they did not want to pass up a chance to make a lot of easy money, they decided to go against the law and send the caviar to Germany as contraband.

To do this, the bunch of scoundrels first assigned the roles: Who was to acquire it, who was to look for a buyer, who was to organize storage, and also find an office for customs documentation and direct transportation of the delicacy to the West. The wheels began to turn. In the summer of 1993, two tonnes of caviar, worth 9 million of those same rubles, were successfully shipped to the address of Fart-Dial in Berlin.

The appetite develops while eating. The second batch of the popular product was acquired and documented with the participation of new wheeler-dealers. The newcomers turned out to be valuable personnel, since they had an extremely useful acquaintance—the deputy chief of the personnel division of the St. Petersburg customs office. He was the one who suggested declaring the costly caviar as butter. Additionally, he accepted the obligation of filling out false customs and other documents for shipping the goods out of Russia.

The gallant personnel officer did not have access to the customs stamps and seals. But he quickly managed to involve in the crime one of the inspectors of the customs freight department, who in a flash stamped two whole sets of the necessary papers.

Hundreds of jars of caviar disguised as butter set off for their respective destinations. But at the Velikolukskaya customs office, the vigilant guardians of Russia's economic interests halted the suspicious jars.

The deputy mayor then came up with a move that could quickly rectify his financial position. With assistance from one of his friends, he suggested selling abroad very valuable and rare and strategically important raw material, osmium-187.

The position of the deputy chief of the city enabled him to obtain as an experimental sample 8 grams of this metal, which had been produced on instructions from the government of St. Petersburg at one of the city's enterprises. In 1995 this metal "brought" almost a half billion rubles.

The deputy mayor did not register the osmium-187, as he was supposed to, but turned it over to his dealer to send it abroad and subsequently sell it. But there was another slip-up—when entering Finland the unlucky partner got caught.

The end of the affair is near. The St. Petersburg Procuracy has completed its investigation. Now there will be a judicial hearing, and sentences for the contrabandists who until recently held high-ranking positions.

Domestic Murders Fall, Contracts Rise in Moscow

LD2207172395 Moscow INTERFAX in English 1501 GMT 22 Jul 95

[FBIS Transcribed Text] Moscow, July 22 (INTERFAX) — The Moscow Main Interior Department has told INTERFAX that it registered a considerable growth of contract killings (by nearly 20 percent) in Moscow over the first half of 1995.

If 77 such cases had been registered in the first half of 1994, then their number in the first six months of 1995 reached 92. Businessmen were killed in 29 cases, while the rest were mafia showdowns.

In January through June 1995, the number of deliberate murders in Moscow went up to 861 against 842 over the same period of 1994. At the same time, the number of domestic murders reduced by 23 percent.

The Moscow police described as a "good result" the higher rate of solved deliberate murders over the given period.

At the same time, contract ones are much more difficult to solve due to the killers' high level of training and equipment.

Kabardino-Balkaria Steps Up Anti-Crime Measures

LD2207164895 Moscow ITAR-TASS World Service in Russian 1039 GMT 22 Jul 95

[By correspondent Gennadiy Kipkeyev]

[FBIS Translated Text] Nalchik, 22 Jul (ITAR-TASS) — Extra measures are being taken in Kabardino-Balkaria to strengthen law and order on the territory of the republic.

In line with today's edict by Valeriy Kokov, president of the Kabardino-Balkaria Republic, those wishing to pass across the administrative frontier of the Kabardino-Balkaria Republic may do so only on production of a pass. This is a method for monitoring systematically transit traffic, for inspecting and registering it. The rights of the republic's Ministry of Internal Affairs have been extended as far as checking passports and removing from the territory of Kabardino-Balkaria those with no legal reason to be there.

These measures aimed at ensuring the safety of the citizens of the republic will be implemented on a temporary basis until the situation in the north of the Caucasus region returns to normal, the edict stresses.

Deceived Depositors Picket in Novosibirsk

MK2207070895 Moscow SEGODNYA in Russian 21 Jul 95 p 3

[Unattributed report]

[FBIS Translated Text] Novosibirsk — The local association of deceived depositors has begun picketing the local administration building. The picketers are calling for legal registration of their organization and help from the local authorities in returning money to victims of financial scams. The head of the All-Russia Association of Deceived Depositors, now being founded, and the head of its Novosibirsk branch is Ilya Konstantinov, leader of the opposition National Salvation Front. The number of deceived depositors in the city is 200,000 — most of whom suffered at the hands of the "Russkaya Nedvizhimost" (Russian Real Estate) company.

Theft of Nonferrous Metals in Novosibirsk Viewed

954F2839A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 12 Jul 95 p 2

[Article by Irina Timofeyeva: "A Gold Mine for Thieves. Sixty Tonnes of Copper, Aluminum, and Other Nonferrous Metals Have Been Stolen in Novosibirsk During the Half-Year"]

[FBIS Translated Text] One fine May night, to the singing of nightingales at the plant for reinforced concrete items in Sovetskiy Rayon, a curious incident occurred. The victim was a silent tower crane, which was deprived, shall we say, of its main artery, namely 120 meters of electric cable. The police patrol arrested the perpetrator out in an open field as he burned the covering, trying to get to the copper core of the cable. Or it would be better to call it gold. Because nonferrous metals have become a true gold mine for some of our compatriots.

The cables were cut from 22 cranes: from the power panel to the top, as far as the culprits could climb. After all, cable is an extremely complicated creation of human hands, which has a multitude of strands and coverings. But only one thing was important to these rogues—cut it, burn it, and take it to the receiving point. Nonferrous metal is being bought there at a price of from 3,000 to 6,000 per kilogram. If it is stolen (the workers at the receiving point have a good eye for this), then it is cheaper.

They make off with pure copper as well. From the warehouse of the Etro plant in Dzerzhinskiy Rayon, after breaking down the door, they stole more than two tonnes of copper sheets. Six copper slabs were taken right out of the shop at the Sibelektroterm Joint-Stock Company. From the Elsib Joint-Stock Company—the experimental plant—they took 30 copper rods. At our former large plants that are now joint-stock companies, such "losses," alas, are nothing unusual. But try to ask the leaders, from the shop to the very highest level, how this happens, why public property is disappearing, and nobody knows for sure. Just as they were unable to protect it during Soviet times, apparently this is now a part of our genetic makeup: Public property means it belongs to nobody or, conversely, it is mine. Police statistics show that about 40 percent of the thefts of nonferrous metals are committed by individuals who are employed at the enterprises.

Oh, these lovers of nonferrous metals should be sent to Norilsk. If only they could see how much work goes into copper plating and copper conductors! The miners go down 2,000 meters from 40 degrees below zero to 40 degrees above. The combine where they produce metal from the ore from a distance reminds one of the netherworld—a gigantic cloud of smoke, gas, and steam. Well, here too everything is for sale! The receiving clerk sells goods to the wholesalers at twice as much as he paid for them from some random dockworker. After that, the price increases geometrically, but still stolen Russian nonferrous metals are considerably less expensive abroad than the ones to be had there.

More than 200 thefts were reported during the half-year, an increase of almost 90 percent as compared to the same period of last year. 158 cases involved the theft of copper, including 116 of copper cable. Thieves are especially active in Dzerzhinskiy, Zayeltsovskiy, Leninskiy, and Kirovskiy Rayons. A total of 60 tonnes of nonferrous metals, worth 2 billion rubles, were stolen. They steal and cut up everything. Transformer substations, telephone and electric communications lines, elements of signalization equipment, block systems, energy sources for railroads.

It seems that until recently this situation disturbed mainly the police, and certainly not the owners of the nonferrous metals. Well, for example, on the night of 2 May a cable was stolen from the timber combine, and the report on it was received by the Leninskiy Rayon internal affairs administration in the mail on 11 May. On 3 May, 45 kilograms of aluminum wire disappeared from the warehouse of bridge train-429, and the report arrived at the police station a week later. When taking on-the-spot measures, the criminal investigation workers find nonferrous metals that are not accounted for at the warehouses.

There are several reasons for the theft. The poor guard protection, the open, unprotected areas (who, for example, was protecting the tower crane?), and the lack of supervision of receiving points, commercial procurement structures, and private individuals — and — the inefficiency of the owners. You will agree that it is not easy to find something that the owner is trying to protect. That is why fewer than 30 percent of these crimes are solved.

"Why am I disturbed by the fact that our assets are going abroad at a mark-down, when the owners are not very upset?" asks the deputy chief of the criminal investigation department of the oblast internal affairs administration, Nikolay Zhurin. "We give them orders, but they do not follow them! Sometimes reports of thefts come in weeks or even months after the fact. They say that they have no means of protection. Let them calculate the losses caused by the theft of a simple crane. No, just as they have not been able to figure it out, they have not been able to learn: An automotive crane was used to load nine coils of aluminum wire into two Kamaz's — and nothing happened. This is not the only case. Now the fine for such a disgrace may be up to 20 times the minimum wage for the manager — almost a million. But for this kind of negligence I would arrest them, for a week or a month."

Perhaps that is too harsh, but it is very sad to see how Russia is being robbed. The appeal from the police, the procuracy, and the leaders of the enterprises has produced results. Effective 1 July, strict orders from the head of the oblast administration have gone into effect. The office of the mayor of Novosibirsk must within two months take stock at all receiving points. The tax inspectorate, the internal affairs administration, and the control-audit administration will inspect them carefully. Now the receiving point does not reveal who has ended up there and how. If it operates 24 hours a day, which is not prohibited, the service to the clients should be provided for up to 16 hours. That is, there should be no night visits with stolen metal! A procedure has been determined for receipt with an entry in a registry that has been numbered and stamped by the police, where all the information on the supplier is registered along with the name of the scrap metal and its origin. A cash book is also mandatory. Erasures and corrections are not allowed in it or in the register. A license and registration are needed. Only an officially appointed receiving clerk may work at the point, and he may not be replaced by another individual. Effective 1 July, there will be harsh punishment for violation of these and other rules, right down to closing of the receiving point. Will the flow of our metal abroad come to a halt?

Situation at Kolyma Gold Mines Viewed

MM2107142295 Moscow RABOCHAYA TRIBUNA in Russian 21 Jul 95 p 5

[Report by Vladimir Androsenko: "Glitter and Poverty of Kolyma"]

[FBIS Translated Text] The prospecting season is in full swing in Kolyma. The first kilograms of 1995 gold have arrived at mine reception centers from mining and enrichment combines.

The "Severovostokzoloto" Joint-Stock Company mining enterprise has turned out to be as well prepared as it was last year. Admittedly, that should not be used as a yardstick, since the miners obtained an advance payment of 25 percent of their mining quota last year. They had to abandon many traditional types of preparatory work and focus their efforts on the most promising areas.

This year too the government has failed to keep its promise to advance the gold industry 50 percent of the value of its planned gold output. By the beginning of the mining season, only around 32 percent had been allocated. Moreover, extraction of underground sands has almost halved — from 430,000 cubic meters to 250,000. Mines containing around 1 gram of gold per tonne have been closed down. They were simply unprofitable. We would note in passing that such deposits are pretty profitable in the rest of the world. So the planned reduction of 2-3 tonnes in the mining of the metal is entirely understandable.

The situation is slightly better with sands extracted using open-cut methods. Usually out of a total of

80 million cubic meters of peat that is extracted, 50 million is extracted by the start of the mining season. These parameters have been adhered to this year as well. So there will be no decline in extraction from alluvial deposits. The level of ore processing is being maintained as well. On the whole, this will allow "Severovostokzoloto" to obtain its forecast 20 tonnes of precious metal. Alternative structures — prospecting artels and joint-stock companies formed from disbanded geological expeditions — intend to mine around 7 tonnes. The Magadan Oblast Administration is placing great stress on independent prospectors. But so far its hopes have not been borne out. Last year, for instance, more than 1,500 independent prospectors worked in Kolyma, but they produced just 90 grams of gold each. Knowing local conditions, it is hard to believe those production figures. Clearly, the rest of their output found its way "under the counter" to the underground "Ingushzoloto" syndicate.

Despite the legislators' promises, no law on the precious metals market has yet been adopted. As a result, gold is still not a commodity. The miners put many of their problems down to this fact.

Admittedly, last year the government issued a directive under which 55 percent of the mined gold would be bought by the state and 45 percent by the banks. But even this was sneaky — it did not define the authorized banks, did not abolish VAT and the special tax on operations with precious metals, and did not allow gold to be used as a surety in foreign trade operations. The decree was thereby doomed to failure from the outset.

One of the options proposed by the Kolyma miners is to organize a financial-industrial group which would include all the oblast's main producers — gold miners, coal miners, power workers, and transportation workers. Everyone understands the need to unite, since it is utterly clear that if the gold-mining sector goes, others will go too. This sad prospect makes even natural monopolies — power workers and seamen — rein in their appetites. This means that a real basis for cooperation is emerging. Clearly, in such remote and isolated territories as Magadan Oblast, this will be virtually the only way to survive.

Minister Comments on Coal Mining, Industry Upgrade

MM2107122495 Moscow RABOCHAYA TRIBUNA in Russian 21 Jul 95 p 4

[Report by Yuriy Shafranik: "Yuriy Shafranik on Ministry of Fuel and Energy Policy"]

[FBIS Translated Text] Kemerovo — The planned withdrawal of loss-making pits from the market and the introduction of additional highly efficient coal-mining and processing capacity while maintaining as many jobs as possible for miners from shut-down enterprises will be the policy of Russia's Ministry of Fuel and Energy in the next few years, sector Minister Yuriy Shafranik stated in the Kuzbass.

Among the reasons which are prompting miners to increasingly pin their hopes on their own resources alone, the minister of fuel and energy mentioned diminishing state support for the sector. All the necessary conditions are in place to achieve the targets set in the Kuzbass, in his view. The process of shutting down totally obsolete pits (by the year 2000 there will be 30 in the region) is going hand in hand with the development of the Sokolovskoye and Yerunakovskoye Fields. Enterprises which will ensure productivity an order of magnitude higher and whose working conditions are world-class have already been built in the new industrial area.

The minister sees one other way of upgrading coal sector efficiency as being to improve the administrative system. So far there has been no proper coordination of action at three levels — pits and open cuts, coal associations, and the "Rosugol" company. During the meeting with specialists from the region's coal sector and leaders of the oblast administration the minister proposed that a joint document on this problem be drawn up.

Ministry Pays Some Overdue Wages in Maritime Kray

LD2407104095 Moscow ITAR-TASS World Service in Russian 0212 GMT 24 Jul 95

[By Yuriy Grachev]

[FBIS Translated Text] Vladivostok, 24 Jul (ITAR-TASS) — The ship repair workers of Maritime Kray's defense enterprises received their wages for March today. That was possible thanks to the stormy demonstration held on 13 July by the starving families of the blue- and white-collar workers of a number of the kray's defense ship repair enterprises.

Telegrams demanding that the wage debt be repaid were then sent to all those responsible, including government circles. After a short interval the Defense Ministry transferred 9 billion rubles [R] to the shipyard workers. But the trade union leaders of the Pacific Fleet said that this was a drop in the ocean.

"The Defense Ministry's 178th factory alone was owed over R30 billion, without taking wages into account," Vasiliy Grechko, chairman of the fleet's trade union committee, told ITAR-TASS. "Other enterprises are in a much worse situation. The task of our trade union is to do everything to ensure that the labor of defense industry workers is paid honestly and in full. Otherwise they will have recourse to that tried and tested weapon — a general strike."

Beloyarskaya AES Director Minimizes Sodium Leak

LD2307204695 Moscow Russian Television Network in Russian 1600 GMT 23 Jul 95

[From the "Vesti" newscast]

[FBIS Translated Text] Following the Chernobyl disaster, any report of an incident at an atomic power station [AES] is alarming. News of an accident at the Beloyarskaya AES was no exception. It put the inhabitants of the nearby districts on their guard.

The AES director Oleg Makarovich Sarayev claims no accident occurred. The incident — a leak of nonradioactive sodium — is a routine breakdown that occurs from time to time at stations of this sort and cannot be classed as an accident. To avoid unpredictable scenarios, the station was brought to a halt to deal with the breakdown. The leak has now been eliminated. Unit No. 3 of the Beloyarskaya AES is in start mode. There are no deviations from the fixed working limits. The radioactive situation in the atomic power workers' town of Zarechnyy corresponds to the normal work mode.

Incidentally, the BM-600 reactor, in operation since 1980, is one of the most reliable in Russia. It regulates itself and closes itself down in the incredible event of a failure in the accident protection measures.

[Begin recording] [O.M. Sarayev, director of Beloyarskaya AES] The single accident that occurred at Chernobyl is not characteristic of either the state of atomic power engineering nor the level of danger that actually exists. [end recording]

Economic Issues

Yeltsin Signs Decree on Improving Tax System

Appoints Chubays To Lead Effort

LD2107193795 Moscow Radio Rossii Network in Russian 1800 GMT 21 Jul 95

[FBIS Translated Text] Boris Yeltsin signed a decree on Friday on immediate measures for improving the tax system. The president has appointed Anatoliy Chubays, first deputy prime minister, head of the temporary working group for implementing tax reform.

Aide Details Main Provisions

LD2107195295 Moscow INTERFAX in English 1836 GMT 21 Jul 95

[FBIS Transcribed Text] Moscow, July 21 (INTERFAX) — Russian President Boris Yeltsin signed a decree on top-priority measures to improve Russia's taxation system Friday.

Commenting on the document in an interview with INTERFAX, presidential aide on economics Aleksandr Livshits emphasized the "instructive" character of the decree, fully compatible with the existing legislation.

The decree was designed to improve the collection of taxes, at the same time providing a "reduction in the real tax burden," he added.

Speaking on the main provisions of the decree, Livshits pointed out the president's instruction to the government to amend the existing tax legislation to make the value-added taxes variable to stimulate industrial production and investments in it. The government was also asked to cut the number of taxes.

Livshits remarked that the decree defined a procedure for evaluating foreign trade deals in order to regulate the taxation of barter contracts. Special task forces will be created in tax departments to attend to taxpayers and their complaints. At the same time, Russia's penal code will be amended to envision tougher penalties for tax evasion. Livshits said the decree declared the October 1993 tax amnesty as null and void.

Yeltsin appointed First Deputy Prime Minister Anatoliy Chubays as head of an ad hoc working group for taxation reform.

Tax Police To Focus on Private Sector

MK2107121695 Moscow KOMMERSANT-DAILY in Russian 21 Jul 95 p 3

[Report by Andrey Serov: "Russian Government Session. Cabinet Draws Bead on Private Sector"]

[FBIS Translated Text] The tax police are soon going to shift their focus away from state enterprises and major joint-stock companies in which the state has shares and concentrate on private firms. This was announced at yesterday's government session by Sergey Almazov, director of the Tax Police Department. Aware of all the possible repercussions of this decision, the Finance Ministry has suggested that the MVD [Ministry of Internal Affairs] and the Defense Ministry become involved in implementing it.

The question "On Measures To Raise the Efficiency of Activities of Federal Tax Police Organs" announced on the agenda was regarded by the cabinet from the point of view of adding to budget revenues. Having announced the other day a wide-scale plan to increase the minimum wage in a bid to make up for growing prices, the government is now on the lookout for additional revenues. To be more accurate, it aims at achieving, at this stage, a 100 percent fulfillment of federal budget revenues so as to do even better later. According to Anatoliy Chubays' statement, the budget is going to receive additional funds this coming fall, and practically all of them will be channeled to finance the social sphere. The government officially bills the emerging — admittedly, very tentative — growth in industrial production as the economic basis for bigger payments into the budget.

This is despite the fact that the stability of this trend is now in great doubt. If production in today's Russian economy is elastic as regards the size of the money supply, then both this growth in production and additional revenues result from a simple increase in the money offered in the first quarter and early in the second quarter of this year. The Russian Government, however, is not going to stress this fact. It is much more advantageous for the government analysts to hint at stability of the so-called hyperinflation model, where an increase in the money supply results in a faster industrial slump. In which case their (thus far not very remarkable) success in stabilizing production appears much more substantial.

Nevertheless, it is absolutely evident that given the total uncertainty of the prospects of production, the feasibility of the expressly socially oriented course the current government and Victor Chernomyrdin's election bloc are gambling on depends precisely on the efficiency of the tax police.

Sergey Almazov's department came under harsh criticism in yesterday's sitting chaired by First Vice Premier Oleg Soskovets. The accusations were the usual for a law and order organ: the poor efficiency of its regional branches, and the low rate at which crimes in the tax sphere are solved and punished. Soskovets let it be understood in one of his remarks that there is a body of opinion that the tax police have concentrated too much on vetting state-run enterprises. Almazov was quick to respond to the first vice premier's remark. He admitted that large sums subject to taxation are concealed both by state-run enterprises and joint-stock companies with state participation. At the same time the department director vouched that the tax police are going to shift the emphasis of their checks to private businesses.

What are private businesses to expect in this regard? According to Almazov, a special program is being developed for intensive inspections of banks and commercial structures. His department is also going to make up for past omissions by checking up on the profits of the "shuttles." Furthermore, the tax police intend to take more active part in operation "Boomerang," which is being conducted by the Service of Hard-Currency Export Control together with the FSB [Federal Security Service].

First Deputy Finance Minister Vitaliy Artyukhov suggested an idea for one more innovation. Starting with a "swipe" at Almazov, he suggested that some of the payments for taxes control functions be handed over to the ministries of internal affairs and defense. He also proposed how specifically to employ the strike forces. Artyukhov said that considerable sums are known to be concealed in the retail trade system by not using cash registers. Since the tax police cannot keep an eye on all trade outlets, the militia could be asked to do it in the course of their routine patrolling. According to Artyukhov, the Finance Ministry would even be prepared to consider paying part of the money thus seized to the militia (as is being done for the purposes of extrabudget financing of the tax police).

No answer came to the question the audience was anxious to hear on how Vitaliy Artyukhov was going to employ the army in the tax control process. The matter was left without detailed discussion, because by that time the defense minister was already absent from the sitting. Oleg Soskovets ventured a guess that the Defense Ministry would not object. That only added to the already nervous atmosphere of the sitting.

Despite the tradition that is taking shape, Sergey Almazov dared to disagree with the chairman and the Finance Ministry, which is rapidly gaining power within the state apparatus. This he did in the corridor, telling your KOMMERSANT-DAILY correspondent that "everybody should mind his own business." The tax police do not want, of course, to share with other departments sums they are getting in fines for the failure to pay taxes. However, at the end of the discussion, the first vice premier proposed organizing a roundtable with the participation of representatives of interested departments to thrash out the Finance Ministry's idea. One may be sure it was not Vitaliy Artyukhov's idea on the spur of the moment. It is no accident that Sergey Almazov is convinced that the Finance Ministry is conducting a planned smothering of the tax police (Vitaliy Artyukhov began his address by resolutely denying this proposition). The department director has in mind the Finance Ministry's plans to turn over part of the money accumulated in the tax police's Social Development Fund to the Defense Ministry (this fund contains part of the recovered tax arrears). Almazov thinks "several tens of billion of rubles are not going to save the army, while taking them away from the tax police — 75 percent of its independently formed budget — amounts to destroying it." Be that as it may, the government will obviously keep tabs on each step of the tax police while the MVD [Ministry of Internal Affairs] and the Defense Ministry, perhaps, will be simultaneously taking root in this new but lucrative sphere of activity.

The government also considered yesterday the situation in the labor market. The results of the discussion easily matched the size of the picture on this page [five by five centimeters].

Government To Fill Deficit Using Investment, Loans

LD2207172995 Moscow INTERFAX in English 1501 GMT 22 Jul 95

[FBIS Transcribed Text] Moscow, July 22 (INTERFAX) — Russia's government plans to fill in next year's budget deficit with investment by the population and with loans obtained from abroad, First Deputy Economics Minister Yakov Urinson said.

This will make it possible to avoid giving an impulse to inflation, Urinson told INTERFAX.

The country's population today has private savings of between $25 billion and $30 billion and about 70 trillion rubles, Urinson said. He said the government hoped to obtain 50 trillion rubles from the population to cover up more than half of the planned deficit of 85 trillion rubles. The rest is to be closed with borrowings from abroad.

Urinson also forecast a substantial increase in electricity charges within the next two or three years, which, he said, should entail use of energy-saving technologies and change the general price structure nationwide.

The higher charges will primarily hit energy-intensive industries, such as the aluminum industry, the deputy minister said.

He said it would soon become one of the government's priority tasks to ensure a smooth and predictable increase in electricity charges.

Deputy Premier Views Timeline for Joining GATT/WTO

LD2107174095 Moscow INTERFAX in English 1536 GMT 21 Jul 95

[FBIS Transcribed Text] Moscow, July 21 (INTERFAX) — "To join GATT/WTO [World Trade Organization] Russia may need from a year to two years," Russian Deputy Prime Minister, Minister for Foreign Economic Relations Oleg Davydov has said. "Everything will depend on how quickly Moscow manages to coordinate the terms for its admission to this international trade organization with all its 125 members," Davydov told INTERFAX in an exclusive interview today after returning to Moscow from Geneva yesterday evening.

In Geneva Davydov headed the Russian governmental delegation at the first meeting of the working group for Russia joining GATT/WTO.

Davydov said, "the changes that have happened to the Russian economic mechanism over the last three years, including the cancellation of central planning, the abolishment of the state monopoly for foreign trade, wide-scale privatization and price liberalization permit Russia to declare its readiness to follow the multilateral trade discipline within the scope of GATT/WTO."

Davydov said this point of view was shared by many participants in the three-day talks in Geneva. He said the U.S. representatives at the meeting had given Russia especially important support by saying that the U.S. fully approved of Russia's candidacy for joining GATT/WTO.

Davydov said that, however, to join this organization Russia would have to make a lot of effort and agree on many compromises. At the same time, he stressed that the compromises would be achieved on the basis of mutual concessions and would not run counter to the national economy's interests.

Davydov said he was confident that Russia's joining GATT/WTO was in the interests of everybody. He said that for the organization's members "Moscow will become a stable and predictable partner acting on the markets in line with the generally-recognized standards and traditions." He said that for Russia its membership in GATT/WTO "will remove the discriminatory obstacles in trade and will let Russia become a full-fledged member of the international economic community."

Davydov said that Russia, as not a member of GATT/WTO, was now suffering substantial losses in foreign trade because it had to face numerous restrictions regarding the access of its goods to the markets of this organization's members.

Davydov estimated these losses at about $1.5 billion a year.

Glazyev Sees Higher Inflation, Criticizes Chubays

LD2107173195 Moscow INTERFAX in English 1536 GMT 21 Jul 95

[FBIS Transcribed Text] Moscow, July 21 (INTERFAX) — Russia is already less economically developed than China or India and if the present government remains in power for another six months, the economic situation will become even worse, Sergey Glazyev, leader of the Democratic Party of Russia and head of the State Duma Committee on Economic Policy, told a news conference Friday.

He refuted earlier statements by First Deputy Prime Minister Anatoliy Chubays that an economic and financial stabilization was beginning in Russia.

He also said that Chubays was wrong in saying in the State Duma, the lower house of parliament, Wednesday that the Committee on Economic Policy had no reliable information on the economic situation in Russia.

According to a prognosis by Glazyev, inflation in Russia will reach 7% by the end of the year against the 2% promised by the government. Glazyev admitted that the production fall has become less sharp in the first half of 1995 compared to the same period last year. However, the fall in the industrial sector is continuing "and it is especially sharp in high-tech industries, where it reaches 18% to 20%," he said.

Glazyev claims that the recent "government achievement of artificially preventing the ruble's fall against the dollar" has already made exporting Russian wood unprofitable, as he saw for himself during his recent trip to the Arkhangelsk region.

'Yabloko' Leader Criticizes Tough Monetary Policy

MM1907135795 Moscow IZVESTIYA (Financial Section) in Russian 18 Jul 95 p 4

[Article by Grigoriy Yavlinskiy: "The Government's Onslaughts Only Stir Up Russian Inflation. Grigoriy Yavlinskiy, Leader of the 'Yabloko' Party, Analyzes the Causes of Failures in Combating Inflation and Proposes a Program for the Country's Recovery From the Economic Crisis"]

[FBIS Translated Text] Nobody is likely to dispute the view that throughout the recent years of Russian reforms, the reformers' key task was and is to combat inflation, and that monetary policy is the most important (if not the only) instrument in this struggle. An analysis of monetary policy from 1992-1994 makes it possible to say that two attacks have been made on inflation.

Experience

The first attack was made in the first half of 1992 — hot on the heels of the January price liberalization, when a tough monetary policy aimed at reducing the inflation rate was being pursued fairly consistently. During that period, an increase in the ruble exchange rate was achieved. The rate of growth of the money supply was kept within the bounds of 9-14 percent per month, that is, at a fairly low level (bearing in mind that the real money supply, in the context of dramatically soaring prices, was reduced fivefold, to approximately 20 percent of the December 1991 level). Consequently, the monthly inflation rate fell from 38.3 percent in February to 11.9 percent in May. The "downside" of the falling inflation rate was the deep recession in industrial production and the colossal defaults crisis. It was these circumstances (and not populism or political weakness on the part of the government) that determined the retreat that began in the summer of the same year: The government could not bring itself to continue to insist on pursuing a tough monetary policy in the context of these mutual defaults by enterprises (as well as the wage debts) and the most profound industrial recession in peacetime (18 percent, on the basis of the 1992 results).

Viktor Gerashchenko, the new leader of the Bank of Russia, introduced reciprocal settlement of enterprises' debts, increased the rate of growth of the money supply two- or three-fold, and reduced hard currency interventions on the domestic currency market, allowing the ruble exchange rate to fall. As a result of these measures the real money supply was doubled; the scale of the defaults crisis was reduced considerably; the ruble "fell" 75 percent in the second half of 1992; and commercial banks accumulated enormous and little-used monetary resources. The inflation rate doubled (26.1 percent in November), but on the other hand the fall upsurge in industrial production was vigorous enough to alleviate the consequences of the profound spring recession.

The second attempt to tackle inflation began in late 1992-early 1993. It differed from the previous attempt only tactically: Whereas in the first half of 1992, the Russian Government was trying to conquer inflation by means of a "shock" (that is, very tough) monetary policy, now the course set was that of a gradual, progressive "squeeze" on the money supply and a correspondingly smooth lowering of the inflation rate.

For nearly the whole of the first half of 1993 there was success in ensuring a steady reduction (by approximately 1 percentage point per month) in the inflation rate, which was 18.5 percent in May. In general this was not accompanied either by a deterioration in the industrial dynamic, or by any exacerbation of the defaults situation. However, the further tightening of credit and monetary policy galvanized a whole series of negative processes that had hitherto been in a relatively stable state.

In using exclusively monetary anti-inflation instruments, the Russian Government was hoping that the attainment of the planned inflation indicators (7 percent in December 1994) would boost the economic situation of its own accord: A boom in private investments would begin immediately, foreign capital would pour in, the IMF would grant credits, and so on. Acting within this framework, the government stubbornly continued to "squeeze" the money supply, reducing it in the last months of 1993 to a record low level of 14 percent of the December 1991 level (in real terms).

Judging by the dynamics of inflation, events were apparently continuing to develop in the desired direction: During the fourth quarter of 1993, the inflation rate was reduced markedly — by almost half. But at the same time the consequences of an "over-tough" monetary policy began to emerge. The first, immediate such consequence was the rapid increase in reciprocal payment defaults between enterprises. The ratio of the deferred debt to suppliers to enterprises' monetary resources, which had fallen to 83 percent by mid-1993, then began to increase dramatically — to 133 percent on 1 October and 190 percent on 1 January 1994.

Whereas in early 1992, the main reaction to the tough monetary policy was the growth in defaults, in late 1993 enterprises were actively reducing the volume of production, alongside the increase in reciprocal debts. As a consequence, the seasonal autumn revival in production in 1993 was very sluggish (whereas in spring there had been a reduction in the rate of the seasonal decline compared with 1992). The result was that the scale of the industrial recession, on the basis of the 1993 results, remained virtually at the level of the previous year.

The arrival of 1994 saw no change in the restrictive nature of the government's monetary policy. A further reduction in the average monthly rate of increase in the M2 money supply was secured — to 8.6 percent in the first quarter of 1994 (compared with 12.3 percent in the fourth quarter of 1993 and 17 percent in the third quarter). Once again, a substantial reduction in the inflation rate was achieved — from 17.9 percent in January to 7.4 percent in March. A virtually parallel reduction in the rate of growth of the M2 money supply and the inflation rate made it possible throughout that period to maintain the size of the real money supply at an exceptionally low level — 14 percent of the December 1991 level.

A toughening of monetary policy and a significant state debt for output that was purchased but not paid for in 1994 helped to further exacerbate enterprises' financial position. Consequently the deferred debt to suppliers by the end of the first quarter was already three times the enterprises' monetary resources. The economy could not sustain such rigorous financial restrictions, and responded with a colossal reduction — by almost one-fourth — in the physical volume of industrial production in the first quarter of 1994. In March the volume had fallen to the level of the predicted graph (based on 1993 trends) of industrial dynamics constructed for 1995. The deflationary shock of the first three months of 1994 was basically a natural consequence of the government's attempts to keep down the inflation rate at all costs. After this, a period of relaxation again began in monetary policy.

This last assertion may appear incorrect: After all, the inflation rate continued to fall gradually even after the end of the first quarter — to a record low of 4.6 percent in August. Nonetheless, it is true: The average monthly rate of growth of the M2 money supply, which was 8.6 percent in the first quarter, rose to nearly 14 percent in the second quarter; in August the rate of growth of the M2 money supply was 12 percent.

This paradox is explained not only (and not even chiefly) in terms of the time lag between the growth of the money supply and the acceleration of inflation but also by one fairly obvious fact. In spring and summer 1994, the construction of financial "pyramids" in the Russian economy, the period of the "soap bubble economy," reached its peak. The population's money, intended for the consumer market, was to a significant extent diverted into the market for speculative financial operations.

Since the reduction in the inflation rate at this stage was not achieved by toughening monetary policy, the real money supply in April-August 1994 increased very rapidly and, by the end of that period, reached 20 percent of the December 1991 level.

The growth in the real money supply immediately affected the dynamics of defaults and industrial production. Beginning in April, there was some slowing of the growth of the relative size (compared with enterprises' own monetary resources) of the deferred debt to suppliers; the trend toward the acceleration of the recession in industrial production was interrupted, and August even saw the start of an "upward" movement. Thus the retreat in monetary policy led to a corresponding trend in industrial dynamics.

Finally, with the end of the period of the "soap bubble economy," the correlation between the dynamic of the M2 money supply and the inflation rate was restored, and in the first quarter of 1994 inflation soared to 15-16 percent a month. The inflationary potential accumulated during that period began to be released, and it could not be held back by a toughening of monetary policy in late 1994: Although the average monthly rate of growth in the nominal M2 money supply in the fourth quarter of 1994 fell to 6-7 percent, inflation continued to gain ground and in January 1995 it peaked at 18 percent.

This was the starting position from which the Russian economy entered the year 1995, and the year began with yet another toughening of monetary policy — judging by preliminary data, a very dramatic one. The government has launched a new, third attack on inflation.

First of all, the government declined to use Bank of Russia credits to cover the federal budget deficit, because of the obvious inflationary consequences of that policy. Instead, it was decided to go over entirely to a noninflationary mechanism for financing the budget deficit — by borrowing free monetary resources on the financial market by means of placing state securities. Second, the Bank of Russia in effect stopped granting centralized credits to commercial banks. Third, despite the practically 100-percent receipt of income, budget expenditure was drastically cut (by nearly 20 percent, on the basis of the results of the first four months). Fourth, by means of a series of rigorous administrative measures and massive hard currency interventions the Bank of Russia stabilized not only the situation on the currency exchange, but also the trend toward a strengthening of the ruble exchange rate, which also had a quite definite anti-inflationary effect. All this made it possible to cut the inflation rate from 18 percent in January to a level of 7-9 percent in April-June.

Results

The failure of the first two attempts seems obvious enough now — the dynamic of inflation since January 1992 speaks for itself. However, there may exist in our economy a certain threshold as regards the toughening of monetary policy, beyond which its negative side-effects begin to outweigh the positive deflationary effect. Is it right for the Russian Government to use almost exclusively monetary methods for combating inflation?

I think that even this cursory glance at the history of combating inflation in Russia's economy allows us to formulate certain important conclusions for macroeconomic policy.

1. In the course of the attacks on inflation that have been launched since 1992, an empirical limit on the toughening of credit and monetary policy has become clear. It is very important to note, in this connection, that this limit occurs at an inflation rate other than zero: Analysis shows that this lower limit is at the level of price increases of around 8-9 percent a month. This suggests that a certain quite specific level of inflation is inherent in the institutional and industrial structure of the Russian economy. This limit could be called "structural-institutional background inflation" (hereinafter, for brevity, the "background" level of inflation). Let us note in passing that, strictly speaking, even a monthly inflation rate approximating to the 8-9 percent level is achieved as a result of fairly specific measures — such as, for instance, the postponement of foreign debt payments; an increase in the domestic debt; the significant underfinancing of science and education (that is, future scientific and technical potential) and of infrastructure sectors. On this basis, a level of inflation of 8-9 percent a month, termed "background," could even be considered rather too low, that is to say, extremely tough.

2. From the viewpoint of the rigorousness of credit and monetary policy, research carried out at the Economic and Political Research Center showed that today that limit is a 13-15 percent level of the real M2 money supply (as a percentage of December 1991). During those three years of combating inflation, this "toughness limit" on monetary policy fell gradually — from 20 percent at the beginning of 1992 to 13-15 percent at the beginning of 1995. However, this is mainly due to the reduction over that period in the volume of GDP, as well as the increase in the dollarization of domestic — mainly unofficial — trade turnover. This obviously indicates the insignificance of fundamental institutional reforms in Russia's economy. In the medium term, we could see this parameter as one of the controlling factors in the adjustment of the current parameters of anti-inflation policy.

3. Where the inflation rate is higher than the "background" level and the real money supply exceeds the 13-15 percent mark, a restrictive anti-inflation policy is effective: It does indeed make it possible to reduce the inflation rate without a general deterioration in indicators relating to the industrial dynamic and the general economic situation.

4. When the monthly inflation rate and the size of the real money supply fall below the said limits, a further toughening of monetary restrictions becomes increasingly inexpedient: The effectiveness of monetary measures is reduced sharply; at the same time their negative side-effects increase substantially and the effect of "over-toughening" of credit and monetary policy appears. Apart from the high price that must be paid for each percentage point of additional reduction in inflation through "over-toughening," the reduction in inflation is itself largely a phantom. Inflation takes on depressed characteristics: The shortage of money in the economy is partially compensated for by an increase in defaults, and partially by an intensification of the recession. Until

such time as the government is capable of implementing an effective policy of bankruptcies and cleaning up enterprises' finances, a toughening of credit and monetary policy is pointless. The coiled spring of inflation is squeezed and then inevitably released again — just as soon as the exacerbation of the problem of recession and defaults once again forces a relaxation of credit and monetary policy.

5. The government should focus its efforts not on trying to reduce the inflation rate by means of "overtoughening," but on reducing the actual limit on "toughness" — that is, the "background" level of inflation initiated by factors of a nonmonetary nature. To this end a medium-term (three- to five-year) economic policy program is needed, aimed at developing the main institutional preconditions for financial stabilization and economic growth. This program should include the following:

a) a package of microeconomic policy measures, including legislative measures (demonopolization and regulation of natural monopolies, stimulation of competition in the service sphere and industry, regulation of oligopoly markets, consumer policy);

b) a package of measures aimed at institutional transformations in the economy (the setting up of an institution of effective property owners and the development of the stock market, the institution of development banks, and markets in real estate, land, and labor);

c) systemic changes in legislation on investments, fiscal affairs, and the use of natural resources (the adoption and elaboration of the following important legislative acts: "On Securities"; "On Amendments and Additions to the Law 'On Foreign Investments'"; "On Concessions and Other Contracts Concluded With Investors"; amendments and additions to the "Fundamentals of Legislation on the Tax System in the Russian Federation"; the "Tax Code"; amendments and additions to the Law "On Customs Tariffs" and to the "Customs Code"; "On Agreements on the Division of Output"; amendments and additions to the Law "On Natural Resources"; the Law "On Oil and Gas"; the Law "On the Continental Shelf");

d) stimulation of export-oriented sectors of the economy and a cautious protectionist policy (through the stimulation of exports and in particular the credit policy of development banks, Russia's defense of its position on opening up foreign markets to competitive Russian goods at talks on entering the GATT, the ratification of a treaty adhering to the European Energy Charter, and a foreign policy aimed at expanding the market for arms sales);

e) a monetary and budget policy and an exchange rate policy designed to promote the said measures (this policy must steer between Scylla and Charybdis — between keeping inflation no higher than the "background level" and stimulating overall demand in the context of an economy undergoing institutional and structural restructuring).

Here attention should be focused on the ultimate objective — an increase in the share of processing industry and high-tech sectors in Russia's gross product, and the winning of markets in this connection. Strategically, this task should be tackled over several decades, and the funds for tackling it should be redistributed from raw materials sectors of the economy.

The need to supplement a monetary anti-inflation policy with a structural and institutional policy is becoming absolutely imperative, not only economically but also politically. Attempts to tackle inflation through a restrictive monetary policy leave their mark on the economy. Each such attempt is a setback for the economy: The level of industrial production and the general level of prosperity falls.

Prospects

A prediction of the results of the struggle against inflation in 1995 cannot be reassuring.

In view of the experience of recent years, another "retreat" can be expected in late summer or early autumn. The main pro-inflation factors will be as follows:

— the seasonal increase in budget expenditure, plus the need to finance "postponed" expenditure from the first half of 1995;

— the second-quarter increase in the rate of growth of the money supply (to approximately the average monthly level for 1994), which was a consequence of significant ruble interventions by the Bank of Russia in the currency market

— inflationary expectations in connection with the absolutely inevitable stage of an accelerated fall in the ruble exchange rate, since the tendency to strengthen the exchange rate, which is inappropriate to the situation (and has already turned into a deliberate game of "pushing it up" on the part of the major banks), will certainly give way to the opposite tendency (let us hope that this will at least be smoother than last year). In this respect the government's election campaign will also have an inevitable negative effect.

Consequently the monthly inflation rate will again reach double figures — around 10-12 percent by the end of the year. The situation will again be back virtually to square one.

The defaults problem will be somewhat alleviated; the slackening of monetary policy will "enliven" industrial production. But today a depressive influence is exerted on the industrial dynamic not only by the degree of rigor in monetary policy, but also by the dangerously expanding market in state securities, which draws away from the financial market more and more money that is a potentially important investment resource (to a certain extent the investment slump in the first quarter of 1995, which was profound — by nearly one-fourth compared with the same period last year — can be attributed to this). The government and the Bank of Russia also underestimate the consequences of their own anti-inflation currency policy: In the second quarter alone, as a result of the rise in the ruble exchange rate provoked by the Bank of Russia, the real dollar rate on the domestic Russian market fell 26 percent, and the price competitiveness of Russian goods (including exports) fell by the same amount.

The establishment of a "band" of permissible currency fluctuation in the third quarter within the limits of 4,300-4,500 rubles to the dollar may be welcomed as a step toward ensuring at least some predictability in the behavior of the main macroeconomic indicators. However, the fulfillment of this special directive will mean a further reduction in the real dollar rate (and therefore in the competitiveness of Russian goods) by, according to our estimates, a further 5-10 percentage points. Given such special directives, currency policy very soon will become a major factor in further reducing industrial production. The operation of the above two factors will mean, in our view, that in the second half of 1995 — despite even the predicted "retreat" in the policy of financial stabilization — indicators of industrial dynamics will be worse than in the first half-year.

Of course, one could be mistaken about the time scale — concrete steps by the government are unpredictable; however, the general projection of economic movement will almost certainly coincide with this prediction. It is time to learn our lessons and stop swinging between inflation and industrial recession, alleviating one problem by exacerbating another.

Military Food Supplies 'Critical;' Funding Sought

LD2207100895 Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 22 Jul 95

[FBIS Translated Text] The Press and Information Department of the Ministry of Defense claims that the armed forces are using up their emergency food reserves to feed personnel. The situation is considered to be critical. In connection with this, Defense Minister Pavel Grachev has called on the government to allocate an additional 2.5-3.0 trillion rubles for food. The food situation is particularly difficult in the Far North, a ministry spokesman said and the R1.7 trillion allocated for 1995, as a whole, will only meet one quarter of the armed forces' food requirements.

Financial-Industrial Groups Urged in Defense Sector

MM2107143695 Moscow RABOCHAYA TRIBUNA in Russian 21 Jul 95 p 5

[Report by Yuriy Izmaylov: "Duplication Not Needed in Defense Sector"]

[FBIS Translated Text] "Prior to 1992, oil and gas equipment was manufactured at only two former USSR Ministry of the Defense Industry plants — the 'Barrikady' Production Association and the Lenin Machinery Plant in Perm. Today Russia's oil and gas workers are supplied with equipment from around 100 'defense sector' enterprises. In the past two or three years, the sector has assimilated a full range of oil and gas equipment that was previously produced at traditional oil machine building enterprises," "Soyuzneftemash" Director Aleksandr Romanikhin said.

As an example he quoted the "Votkinskiy Zavod," the "Izhevskiy Elektromekhanicheskiy Zavod," the "Bummash" Joint-Stock Company, and the "Izhneftemash" Joint-Stock Company in Udmurtia. Competitive oil and gas equipment is also produced by defense enterprises in Yekaterinburg, St. Petersburg, Perm, Chelyabinsk, and Tula.

[Izmaylov] But, despite this, imports of equipment for the oil and gas complex have reached the record level of $4.5 billion. What is going on?

[Romanikhin] The state programs "Equipment for the Fuel and Energy Complex," "Conversion for the Fuel and Energy Complex," and "Import Substitution in the Fuel and Energy Complex" were, in my view, drawn up without seriously analyzing the demand for oil and gas equipment.

Often after manufacturing a prototype piece of oil and gas equipment, a defense-sector enterprise would discover that similar equipment was already being series-produced by another plant. State resources were pointlessly wasted, and the military-industrial complex entered the sectoral market with equipment that was not in demand.

The "Lukoil" oil company is now channeling money into the production of only those types of equipment which are in steady demand. "Lukoil" has independently begun producing a number of important units without using any budget funds.

Oil and gas workers should realize that the current craze for imports is a temporary phenomenon. Military-industrial complex enterprises will inevitably become the main suppliers of competitive equipment for their sector.

[Izmaylov] Clearly, budget funding is not adequate to expand production of oil and gas equipment by military-industrial complex enterprises. Do we need to raise funds from Russian and foreign investors?

[Romanikhin] More than that — it would be expedient to unite banks and several enterprises producing equipment for the oil and gas complex into financial-industrial groups. These could form the basis of an emergent subsector of oil and gas machine building within the Russian Federation State Committee for the Defense Sectors of Industry system.

'Good Prospects' Seen for Maritime Kray Industry

MM2107123995 Moscow RABOCHAYA TRIBUNA in Russian 21 Jul 95 p 4

[Report by Larisa Beloivan: "Good Prospects for Maritime Kray Miners"]

[FBIS Translated Text] Vladivostok — Yuriy Malyshev, general director of the "Rosugol" concern, and Maritime Kray Governor Yevgeniy Nazdratenko have signed an agreement "On the Development of the Maritime Kray Coal Industry in 1995-2000."

Under the document, the closest attention will be paid to the planned development of 14 small open cuts. "Rosugol" will assume responsibility for delivering new mining and mine transportation equipment to the kray to replace dilapidated and obsolete equipment. The kray administration pledges to provide financial aid for the construction of small open cuts and the laying of roads to them. The Maritime Kray Government expressed readiness to petition the president and the Russian State Duma to exempt "Primorskugol" and the "Malyye Razrezy" Joint-Stock Company from taxes, fines, and customs duty on the imported equipment.

Addressing "Primorskugol" Joint-Stock Company shareholders, Yuriy Malyshev stated that the kray's coal industry has excellent prospects, but currently needs support. In his opinion, the Maritime Kray miners are in a unique position. "Whereas most of the country's coal-mining enterprises are being stifled by their excess stocks of output, the Maritime Kray miners have a huge market and a lack of coal," he said. "If the kray's coal industry develops to plan, in three or four years it will be able to fully meet Maritime Kray's solid-fuel requirements and be able to supply Khabarovsk Kray as well."

International Affairs

Kuchma, Chinese Official Discuss Cooperation

*LD2107185095 Kiev UNIAN in Ukrainian
1530 GMT 21 Jul 95*

[FBIS Translated Text] Kiev — Ukraine regards the People's Republic of China as one of the most important members of the world community, and develops its relationship with Beijing accordingly, Ukrainian President Leonid Kuchma said at a meeting with Wang Hanbin, vice chairman of the Chinese National People's Congress Standing Committee.

Kuchma acknowledged China's positive role in the negotiation of the nuclear safety memorandum signed in Budapest upon Ukraine's accession to the nuclear Nonproliferation Treaty.

The Ukrainian president declared there were no political differences between Kiev and Beijing. He added that the two countries had a sizeable trade turnover that was likely to grow further in the near future.

According to Kuchma, Ukraine would like to pursue cooperation with China in the metal and chemical industries, and in the agro-industrial complex.

Chinese Official Satisfied With Visit

*LD2107221195 Kiev UT-1 Television Network
in Ukrainian 1800 GMT 21 Jul 95*

[FBIS Translated Text] We are extremely pleased with the results of our visit to Ukraine, Wang Hanbin, the vice chairman of the Chinese National People's Congress Standing Committee told a news conference in Kiev. It is another visible step in the development of Sino-Ukrainian relations in the economy, culture, education, investments and, of course, parliamentary relations. Moreover, as far as these are concerned, there has been a valuable exchange of experience, particularly as regards the work of the Ukrainian-Chinese working group at the Supreme Council. We are confident that a similar body will be set up shortly at the National People's Congress Standing Committee.

There are certain improvements in the relations between China and the Crimean republic, too, Wang Hanbin said. Closer ties will be established by mutual agreement between Chinese free economic zones, specifically the Hainan Province, and those being set up on the peninsula.

Antarctica Station To Become Ukrainian Property

*LD2307110095 Kiev Radio Ukraine World Service
in Ukrainian 0500 GMT 23 Jul 95*

[FBIS Translated Text] The Faraday station in Antarctica, which belongs to Great Britain, will become Ukraine's property as of 31 March 1996. A relevant agreement has been fixed in a memorandum on mutual understanding that was ceremonially signed at the British Foreign Ministry. Serhiy Komisarenko, Ukraine's ambassador to the United Kingdom, signed the document. The Ukrainian diplomat and David Davis, British minister of state for foreign and commonwealth affairs, expressed certainty that Ukrainian scientists will do their job at the Faraday station at a high professional level and that their activities will contribute to the deepening of scientific knowledge throughout the world.

Under the memorandum, a group of researchers from Ukraine will be trained at a Cambridge center and the station, where they will work together with British scientists.

'Radical' Proposals Made at London Bosnia Conference

*LD2207073495 Moscow INTERFAX in English
0641 GMT 22 Jul 95*

[FBIS Transcribed Text] LONDON, July 21 (INTERFAX-UKRAINE) - The sides "are actively exchanging opinions, making far-reaching, even radical, proposals" at the international conference on Bosnia in London, Igor Kharchenko, head of the Ukrainian Foreign Ministry Department for Political Analyses and Prognoses and member of the Ukrainian delegation to the conference, told INTERFAX-UKRAINE.

According to sources in the Russian delegation, the conference is characterized by "an atmosphere of tensions." The sources say that "only Russia, supported by Carl Bildt, co-chairman of the international conference on former Yugoslavia, puts an emphasis on political settlement."

"UNPROFOR commanders in Bosnia should take urgent steps to save the lives of peacekeepers and evacuate them from dangerous places," Vladimir Yelchenko, head of the Ukrainian Foreign Ministry International Organizations Department, said, commenting on Ukraine Foreign Minister Hennadiy Udovenko's speech at the conference on Bosnia.

Lifting sanctions imposed on Serbia "may prompt Belgrade to exert more pressure on Bosnian Serbs," said the diplomat.

Defense Minister Opposes Air Strikes

*LD2207192595 Kiev UT-1 Television Network
in Ukrainian 1800 GMT 22 Jul 95*

[FBIS Translated Text] Representatives of the Contact Group on Bosnia, who ended their meeting in London on Friday, decided against UN involvement in hostilities, but agreed that the organization has to support realistic and effective actions in Bosnia-Herzegovina. The London meeting was attended by foreign and defense ministers and chiefs of staff from Russia, the United States, Great Britain, France, and Germany.

Representing one of the 11 countries whose servicemen form part of the UN Protection Force in former Yugoslavia, a Ukrainian delegation also attended the meeting, led by Foreign Affairs Minister Hennadiy Udovenko. Upon their return, Defense Minister Valeriy Shmarov spoke to a group of Ukrainian reporters.

[Begin Shmarov recording] I should say that one of the proposals, a radical one, to carry out massive air strikes, failed to receive majority support. Ukraine did not support this proposal, either, because we believe these strikes will ineffective. The war, although a large-scale one, is characterized mainly by guerrilla-type action. The location is complicated, being an area of mountains and forests. The Serbian and Croatian troops have extensive experience of combat operations in these conditions, therefore, we believe the use of heavy air strikes will be ineffective. Besides, the Serbian troops have powerful air defenses and there will be no possibility of flying at low level. It will put the local population in danger, who have suffered enough, as well as the peacekeepers themselves. [end recording]

Foreign Ministry Statement on Bosnia

LD2107140095 Kiev UNIAN in Ukrainian 1250 GMT 21 Jul 95

[FBIS Translated Text] Kiev — As a result of the shelling of Zepa in the early hours of 21 July, one of the shells hit the deployment site of a Ukrainian subunit. There were no casualties among Ukrainian peacekeepers. UNIAN has been informed of this at the Ukrainian Foreign Ministry press center.

In connection with this, the press center issued a statement on 21 July, which says in part:

"On the day when an exceptionally important meeting of the 'Contact Group' members and other interested states got under way in London at foreign and defense minister level to search for an effective procedure for a political settlement of the Bosnian crisis, the escalation of military confrontation on the territory of Bosnia-Herzegovina, endangering the lives of civilians and servicemen of the UN peacekeeping contingent, is nothing but a cynical provocation.

"Ukraine calls on all the warring sides to stop military actions immediately and reject uncivilized, ultimatum-like attitudes toward the UN peacekeeping forces.

"The opposing sides should understand that peace in the region can be achieved, first and foremost, if they show political will to hold a direct dialogue between themselves with the mediation of the UN Organization."

Peacekeepers Still Facing Difficulties

LD2207170995 Moscow INTERFAX in English 1501 GMT 22 Jul 95

[FBIS Transcribed Text] KIEV, July 22 (INTERFAX-UKRAINE) — The situation around the 2nd and 3rd companies of a Ukrainian battalion within the U.N. Protection Force in former Yugoslavia blocked in the Moslem enclaves of Goradze and Zepa remains tense, Ukrainian Defense Minister Valeriy Shmarov told journalists on Saturday [22 July].

"The Ukrainian peacekeepers are used for blackmail and as a live shield," he added saying "both Serbs and Moslems treat them in an uncivilized way."

Together with Ukrainian Foreign Minister Hennadiy Udovenko, Shmarov had attended a Contact Group meeting in London on Friday.

Though the meeting did not produce specific results, "generic thoughts about the future work were voiced," he said. "The most radical proposal - to deal mass air strikes - did not win support of the meeting," he emphasized. However, he remarked that the idea remained in the list "as the most radical measure."

Parliamentary Groups Formed for Foreign Ties

LD2207105995 Kiev UNIAR in Ukrainian 1530 GMT 21 Jul 95

[FBIS Translated Text] Kiev — The presidium of the Supreme Council of Ukraine recently passed resolutions under which two interparliamentary groups were set up - an interparliamentary group for relations with the People's Republic of China and an interparliamentary group for relations with the United States.

UNIAR was informed of this at the secretariat of the Standing Commission for Foreign Affairs and CIS Relations.

The Ukrainian-Chinese interparliamentary group consists of 16 deputies headed by a representative of the "Statehood" parliamentary grouping, chairman of the Commission for Nuclear Policy and Nuclear Safety Mykhaylo Pavlovskyy. Deputy Prime Minister Vasyl Durdynets and Volodymyr Marchenko (Socialist faction) are among the members of the group.

The interparliamentary group for relations with the United States is headed by Anton Buteyko, the leader of the "Center" parliamentary grouping. The group of consists of 47 deputies, including Mykola Azarov, the chairman of the Commission for Budget Affairs, and Heorhiy Filipchuk, the chairman of the Commission for Environmental Policy.

Monitoring Group Arrives for Destruction of Missiles

WS2107092995 Kiev INTELNEWS in English 0056 GMT 21 Jul 95

[FBIS Transcribed Text] Mykolayiv, July 20. An international commission of joint army control arrived at the sixth base of the Ukrainian Air Force to monitor the third and final stage of the destruction of TU-16 and TU-22M missile carriers stationed in Mykolayiv.

This action is being conducted according to the treaty on reduction of conventional armaments in Europe. A total of 23 aircraft will be destroyed.

Space Agency Official Cited on Talks With U.S.

WS2407101795 Lvov INFOBANK in English 0653 GMT 24 Jul 95

[From the "News Service" feature]

[FBIS Transcribed Text] Kiev — The National Space Agency of Ukraine (NSA) holds negotiations with foreign partners, trying to involve them in the Ukrainian space program, said Valeriy Komarov, Deputy Director General of the NSA to our INFOBANK correspondent. Similar negotiations have already taken place with the European and the French space agencies. At the moment, Oleksandr Nehoda, Director General of the NSA, conducts the second round of negotiations in Washington, D.C., with Catherine Novelie, a representative of the Department of Trade in charge with the US space program. Upon this very lady depends, says Valeriy Komarov, whether Ukraine will be admitted to the American space technologies market. According to Mr. Komarov, the Ukrainian space program depends upon the consent of the United States to purchase Zenith space rockets. The commercial launches of Zenith rockets were discussed during the March 1995 negotiations with the US Trade Mission in Kiev.

Zenith space rocket, made by the Dnipropetrovsk-based Pivdenmash, is a two-stage rocket capable to put up to 14 tons of useful load into the middle orbit. Here lies its basic drawback: Zenith is unable to put satellites into the high orbit along the equator line (spacecraft launched into this orbit "hang" above the territory of the country which had performed a launch). Ukraine continues to design three-stage Zenith rocket, which will enable satellite to reach high geostationary orbit. But Zenith has two advantages over the foreign analogues: fully automatized start of this rocket and the use of environmentally clean substances as fuel components, namely oxygen and kerosene. As Zenith rocket has the similar characteristics to the French Ariane-4 and Ariane-5 rockets, it might potentially pose a major competition to French carriers.

National Affairs

Udovenko Reviews Kuchma's First Year in Office

LD2107181195 Moscow INTERFAX in English 1620 GMT 21 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Over the year of Leonid Kuchma's presidency Ukraine has made a breakthrough in its relations "with the majority of the influential countries of the world, their associations, and international organizations," head of the republic's foreign Ministry Hennadiy Udovenko declared in an exclusive interview with INTERFAX.

In his words, development of relations with the United States, Germany, Canada and deepening of cooperation with the European Union, NATO, the U.N. and other organizations testify to the fact that "Ukraine has become an important factor on the international arena."

"Over a short period of time there was created an image of Ukraine as an important European country, a reliable foreign partner with which is it worth and necessary to deal," Udovenko said. "This has become possible primarily thanks to the adoption of the program of market reforms and to Ukraine's joining the NPT [Nuclear Nonproliferation Treaty] Treaty."

"These transformations," Udovenko said, "have also changed the attitude of the international financial structures to Ukraine, in particular, of G-7 and of the European Union." "At present the issue on attracting foreign investments in the country is on today's agenda", Udovenko noted.

He also said that Ukraine "has stepped the way of stabilization of its relations with Russia and of improving mutually beneficial relations with CIS countries."

He underlined that "development of partnership with Russia and CIS countries takes place under diminishing activity on the western direction." "Ukraine uses all available opportunities for an equal integration in the European economic, political, and other structures," Udovenko said.

'Text' of Foreign Minister's 21 Jul Speech

WS2407083895 Kiev UKRINFORM in English 0653 GMT 24 Jul 95

["Text" of statement by Foreign Minister Hennadiy Udovenko in London on 21 July; from the "Current Events" feature]

[FBIS Transcribed Text] Mr. Chairman, first I would like to join those colleagues who commanded Prime Minister John Major for convening this conference. As a troop-contributing country Ukraine is particularly interested in participation in this meeting. The Ukrainian delegation suggests to institutionalize such meetings. Perhaps, we can name them "the London Group," or "John Major Group" or "Malcolm Rifkind Group."

Second, peace-keeping operation in Bosnia and Herzegovina is at the crossroads. Both conflicting parties humiliate and harass the UN personnel and do not listen to the appeals of the international community. We condemn both conflicting parties for the use of the language of ultimatums in relations with UNPROFOR. Under these circumstance the question of the possible withdrawal of the UN forces is a legitimate one. But will the withdrawal of UNPROFOR resolve all the issues and bring this long-suffering land to peace? But who will give positive answer to this question? I am sure that nobody of those present here is ready and willing to do so. If UNPROFOR is out, who will alleviate the consequences of the war, notably through assistance in providing humanitarian aid? Who will contain the conflict and mitigate its consequences? Who will prevent the spillover of the conflict to the territories of neighboring countries? There are no answers to these questions. That is way the delegation of Ukraine shares the view put forward by many delegations that the peacekeepers should stay in Bosnia and Herzegovina.

Third, at the same time we consider it essential that achieving peace in the region demands UNPROFOR's employment and peace-keeping or even peace-enforcing efforts can deter the escalation of violence. Evidently, peace cannot be imposed on the parties which don't want to be helped. Therefore we suggest that this meeting initiates new direct dialogue between the conflicting parties without prejudice to the Contact group plan. These new negotiations should involve all the conflicting parties (according to the formula) 3+2 and should aim at the immediate cease-fire, freezing the status quo and the end of the hostilities. These negotiations could be conducted with the assistance of a mediator or mediator body acceptable to the parties. Ukraine is ready to provide the venue for such a meeting. We think that Ukraine — the country which has no specific affiliations — can be a proper place for holding such a meeting.

Fourth, the main purpose of the current meeting is to decide how far can we roll back troops under military pressure of the conflicting parties. Let me elaborate on this issue since Ukrainian troops are in the middle of these tragic events "sandwiched" between advancing Serbs and defending Muslims. According to latest information of Associated Press I have just received, our troops in Zepa have been threatened by both sides. Serbs previously threatened to attack them, if NATO planes were called in, and Bosnia Government Forces threatened to use them as "human shields." That is why we suggest to undertake immediate operational action to defend the lives of 79 Ukrainian peacekeepers, who are there. Srebrenica as a "safe area" has been already lost. To try to reestablish it would require the adoption of the new mandate for UNPROFOR under Chapter VII of the UN Charter. But this would definitely mean the losses of human lives, and the result of such an operation is vague. Up to now UNPROFOR simply has no military and material resources to conduct such operations.

Let me now mention the possible role of Rapid Reaction Force. The concentration of the combat-equipped Rapid Reaction Force in one place can prevent the fall of a "safe area," but would never resolve the problem of its protection. With this in mind, we would like to suggest immediate demilitarization of Gorazde with the explicit obligations on the part of the conflicting parties to stay out of there. As far as Sarajevo is concerned, we support the necessity to reinforce its protection and establish a relief corridor through Mount Igman — the territory not controlled by either of the conflicting parties. The protection of Sarajevo and reestablishment of the routes of the humanitarian supply will demonstrate to the Bosnian Serb leaders the determination of the international community to deter the aggressive actions.

Fifth, besides all this, we think that the time has come to study the option of lifting sanctions against Belgrade in order to use its influence on Bosnian Serbs.

Sixth, finally, I would like to inform you that Ukraine is ready to nominate our special representative to participate in the expanded Contact Group activities. Thank you.

Orthodox Church Appeals to President, Nation

LD2207173395 Kiev Radio Ukraine World Service in Ukrainian 1500 GMT 22 Jul 95

[Statement by the Ukrainian Orthodox Church, Kiev Partiarchate, to the people of Ukraine, the Ukrainian president, and Ukrainian Orthodox believers]

[FBIS Translated Text] The tragic incident of 18 July in St. Sophia Square of the Ukrainian capital during the funeral of Volodymyr Romanyuk, patriarch of Kiev and all Rus-Ukraine, a renowned champion of Ukrainian statehood, has caused a public upheaval in Ukraine and the entire world. The state, represented by OMON [Special Purpose Militia Detachment] squads, confronted a peaceful procession with violence, using truncheons, tear gas, pieces of wrecked chairs, and other weapons, despite the fact that the funeral was not a political demonstration. Bishops, priests, elderly people, and even youngsters were beaten. Blood was shed. Not only crosses and standards, but even the national flag was bloodstained, torn to pieces, and trampled by the OMON.

This incident begs a question: Is this the beginning of the end to a free and independent Ukraine, struggled for by our people for centuries?

We regard these events as another instance in the ongoing persecution of the Ukrainian Orthodox Church as the national church of the Ukrainian people, which is making every effort to unite Ukrainian Orthodoxy in a single Ukrainian Orthodox church. Forces opposing such unification have launched a deliberate campaign against our church, trying to force it out of existence. The Black Tuesday proved that the national church does and will exist.

The Ukrainian Orthodox Church demands an opportunity to rebury his eminence Patriarch Volodymyr on the grounds of St. Sophia's Cathedral; an end to the persecution of the national church, the Kiev Patriarchate, which is seen not only in these tragic developments but also in the attempt to subordinate it again to the imperial church, the Moscow Patriarchate; the return of St. Sophia's Cathedral, the Metropolitan Chambers, churches, buildings and [word indistinct] of the Kiev-Pechersk Lavra Monastery, the Pochayev Lavra Monastery, the Vydubechi Monastery, the buildings of St. Michael's Monastery, St. Andrew's Church, and other buildings which belonged to the church prior to their illegal nationalization by the Communist regime, to the national Ukrainian Church of the Kiev Patriarchate; an end to the anti-Ukrainian actions of the Moscow Patriarchate, which hides behind the illegally assumed name of the Ukrainian Orthodox Church; assistance to the unification of Ukrainian Orthodoxy within a single Ukrainian Orthodox Church, which must become a strong spiritual pillar of the Ukrainian state; an apology from the government to the church and the people of Ukraine for the tragic incident in St. Sophia Square; an end to the harassment and incarceration of illegally arrested people; and compensation for the financial and moral losses incurred by the Ukrainian Orthodox Church, reporters, and all those affected by the events in St. Sophia's Square.

In the name of Lord Jesus Christ our Savior, we appeal to the Ukrainian people for peace, accord, and cooperation in building a truly law-governed democratic Ukrainian state and its national independent church. Glory to Jesus Christ, glory to Ukraine. May the Lord's grace be with you all.

For the bishopric of the Ukrainian Orthodox Church,

[Signed] Metropolitan Filaret, the patriarchal locum tenens.

Investigation Into Death of Patriarch Launched

LD2107131795 Kiev UNIAR in Ukrainian
1110 GMT 21 Jul 95

[FBIS Translated Text] Kiev — Volodymyr Katelnytskyy, head of the press center of the all-Ukrainian Orthodox Brotherhood of Saint Andrew, expressed concern at the attempts to hush up the truthful information about the real cause of the death of Patriarch of Kiev and All Rus-Ukraine Volodymyr [Romanyuk].

According to Katelnytskyy, a day before Volodymyr's death, an unknown person telephoned the patriarch and made an appointment to meet him in the botanical gardens. According to employees of the Patriarchate, Volodymyr left for the meeting accompanied by a monk.

Katelnytskyy said the patriarch was found dead by a chance passer-by when no one was around: neither the monk nor those who made the appointment.

Katelnytskyy told UNIAR that despite the mysterious circumstances of the death the investigation bodies launched a second, in-depth investigation only following a resolute protest by the son of the deceased.

Reburial at St. Sophia Ruled Out

LD2107213195 Kiev UNIAN in Ukrainian
1830 GMT 21 Jul 95

[FBIS Translated Text] Kiev [no date as received] — The church has not officially notified the government as yet of any intention to rebury Patriarch Volodymyr, Deputy Prime Minister for Humanitarian Issues Ivan Kuros told UNIAN. He added that this was likely to happen at some point in the future.

The deputy prime minister ruled out the patriarch's reburial at the St. Sophia Cathedral during tomorrow's memorial service, urged by some political parties.

"The patriarch's burial is the business of the church, not of political parties," he stressed.

He added that a government working group had begun negotiations with representatives of the Kiev and Moscow patriarchates of the Ukrainian Orthodox Church, the Ukrainian Autocephalous Orthodox Church, and the Greek Catholic Church on the building of a burial vault for Ukraine's religious leaders.

March Commemorates Late Patriarch

LD2207120795 Kiev Radio Ukraine World Service in Ukrainian 1000 GMT 22 Jul 95

[FBIS Translated Excerpt] Today is the ninth day since the death of Volodymyr-Romanyuk, His Holiness the Patriarch of Kiev and all Rus-Ukraine. He was Ukraine's loyal son who dedicated all his life to the struggle for achieving its statehood, consolidating Orthodoxy, and achieving peace and mutual understanding among the believers of different confessions.

This morning, a divine liturgy was chanted in St. Volodymyr's Cathedral in Kiev in memory of the deceased patriarch. Then the mourners set out on a march in memory of His Holiness from St. Volodymyr's Cathedral to Sofiyivska Square. A mass for the repose of the soul of the deceased is currently being celebrated at the temporary grave of Patriarch Volodymyr.

Today's events were sanctioned by the Kiev city state administration.

Our correspondent Petro Ostapenko is now in Sofiyivska Square and we are expecting him to make a live report by telephone on the current developments there. [Passage omitted: announcer reads other news and then tries to hook up with Ostapenko, but due to some technical faults fails to do so]

Unfortunately, the equipment has let us down. However, I had a conversation with Petro when we were making arrangements for the hook-up. I asked him about the developments and he told me that everything was all right in the square, that everything was going on in a quiet and decent manner, and there were no outbursts whatsoever.

Call For Restoration of Russian Status of Sevastopol

LD2207174995 Moscow INTERFAX in English 1501 GMT 22 Jul 95

[FBIS Transcribed Text] SIMFEROPOL, July 22 (INTERFAX-UKRAINE) — The leader of the Russian Party of Crimea, Sergey Shuvaynikov, called for "restoring the Russian status of Sevastopol" at a rally in Simferopol on Saturday [22 July].

"Crimea has been Russian," he added saying members of his party were ready "to spill their blood for the restoration of the peninsula's legitimate status."

Shuvaynikov called on Russians "not to meddle into the provocations of ethnic conflicts" warning those gathered of "the danger of Moslem extremism, already visible in Crimea."

An INTERFAX-UKRAINE correspondent reported that about 150 people had attended the rally.

Political Direction of New Ukraine Gauged

954F2752A Kiev KIYEVSKIYE VEDOMOSTI in Russian 6 Jul 95 p 3

[Article by Vladimir Katsman: "'New Ukraine' Turns Away From Federalism and Bilingualism"]

[FBIS Translated Text] The Fourth Congress of the sociopolitical association New Ukraine has changed its political direction. Now program documents state that New Ukraine advocates a unitarian structuring of the state and acknowledges Ukrainian alone as the state language. At a post-congress press conference, newly elected chairman of the association Yevgeniy Kushnarev, who is the mayor of Kharkov and president of the Association of Chairmen of City Councils, unambiguously let it be known that by autumn, when the Party of Democratic Revival of Ukraine [PDVU] and the Labor Congress of Ukraine [TKU] complete the unification process within New Ukraine, the association will have acquired a "powerful political nucleus enabling it to move toward the creation of a new political structure." Considering the names of those who have jointed the ruling organs of New Ukraine (members of the association's presidium, for example, include the deputy speaker of parliament, Oleg Demin; first assistant to the Ukrainian president Aleksandr Razumkov; presidential adviser on macroeconomic issues Aleksandr Galchinskiy; Minister of the Cabinet of Ministers Valeriy Pustovoytenko; acting First Deputy Prime Minister Viktor Pynzenyk; State Property Fund Chairman Yuriy Yekhanurov; and others), we may assume that the outlines of the "party of power" have today already appeared. In any case, it is no easy task to separate these names from official policy.

The leaders of New Ukraine (Yevgeniy Kushnarev's deputies are Vladimir Filenko of the PDVU, and Anatoliy Matviyenko of the TKU) have stated that while they support the president's course of reforms, they are nonetheless in no hurry to officially appoint "New Ukrainians" to the government and will make every effort to caution their people in the leadership structures (if such turns out to be the case) against a shift to the left.

As far as the prospect of New Ukraine uniting in a bloc with other centrist parties is concerned, alas, not even the outlines of such a possibility are as yet apparent. It is clear that New Ukraine (or more accurately, the TKU-PDVU party bloc) is closer to the Social-Democratic wing of centrists. But "classic" Social-Democrats in Ukraine cannot agree on which party is the most authentic, and the Social-Democratic Party of Ukraine is therefore not presently viewed as a potential bloc partner. Under these circumstances, the Liberal Party is acting more like a "soft" opposition to the renewed association. The situation with respect to the Interregional Reform Bloc [MBR] is more involved. Twenty-one MBR representatives participated in the New Ukraine congress as delegates. However, insofar as the new charter prohibits regional groups from bloc affiliation with a structure that does not belong to the association on the all-Ukraine level, most likely there will be no bloc formed with the MBR, either. Though Yevgeniy Kushnarev himself has stated repeatedly that New Ukraine, despite differences in certain program orientations, is prepared to cooperate with the party of Vladimir Grinev as far as support for reforms is concerned. On the eve of the congress, as we know, the Constitutional Democrats left New Ukraine, and the Liberal-Democrats who remained failed to obtain representation in the new New Ukraine leadership (Liberal Democratic Party of Ukraine leader Vladimir Klimchuk was literally just a few votes short of election to the presidium).

But when it comes time for the party slates (the law will evidently still be based on the proportional-majority principle), when parties will have to be concerned about quantitative election-ballot indices, the new New Ukraine will be forced, along with the others, to solve the problem of selecting a political partner. If a gal is too fussy, she may find herself a spinster.... In any case, New Ukraine has not yet had any positive experience when it comes to participating in elections....

President Kuchma Meets With Crimean Leaders

LD2107225995 Kiev UNIAN in Ukrainian
1830 GMT 21 Jul 95

[FBIS Translated Text] Kiev, 21 Jul (UNIAN) — Ukrainian President Leonid Kuchma met with the Crimean Government and Parliament leaders, [Prime Minister] Anatoliy Franchuk and [Supreme Council Chairman] Yevheniy Suprunyuk.

In an exclusive interview with UNIAN, Franchuk said that Kuchma had given his support for the proposed Crimean economic development program during the next two to three years.

According to the republic's prime minister, the Ukrainian president also promised to provide financial aid and qualified personnel.

The leaders discussed issues concerning the repatriation of deportees, recreation areas, the agroindustrial complex, and fuel and water supplies to the peninsula.

Franchuk described the meeting with Kuchma as helpful.

Crimean Premier Favors Devolution in Future

LD2107215195 Kiev UNIAN in Ukrainian
1830 GMT 21 Jul 95

[FBIS Translated Text] Kiev, 21 Jul — Crimean Prime Minister Anatoliy Franchuk said the autonomy's government could, in the future, be subordinated to the local parliament. "Otherwise Crimea will stop being autonomous," he told UNIAN.

But neither Franchuk nor Crimean Parliament Speaker Yevhen Suprunyuk intend to raise the issue as yet. Franchuk said that for the time being he preferred the Ukrainian president to retain direct control over the Crimean Government.

Official Dismissive About Meshkov's News Conference

LD2207195995 Kiev UNIAR in Ukrainian
1845 GMT 22 Jul 95

[FBIS Translated Text] Moscow — A Ukrainian government working group involved in the preparations for Prime Minister Yevhen Marchuk's visit to Moscow returned to Kiev today. The officials admitted they failed to agree on all the issues regarding the meeting.

"We are seeking mutually acceptable solutions on all issues, but have not found them yet," said Oleh Bay, Ukrainian embassy advisor in Moscow. "Ukraine and Russia, as good neighbors, should seek such solutions. The fact that the State Duma agreed to hold a news conference with Former Crimean President Yuriy Meshkov, while Ukraine is making every effort to improve bilateral relations, reflects nothing but a hustle among Russia's petty political figures and personalities who have already lost their political clout," he added. The Ukrainian embassy believes that the best way to deal with such incidents is to ignore them. Nonetheless, the embassy filed a report on the event to the Ukrainian Ministry of Foreign Affairs.

Meshkov Still Considers Himself Crimean President

LD2107173095 Moscow INTERFAX in English
1536 GMT 21 Jul 95

[FBIS Transcribed Text] MOSCOW, July 21 (INTERFAX) — Despite the fact that Crimean presidency has been abolished, Yuriy Meshkov still regards himself as "de jure and de facto" president of the Republic of

Crimea, as he told a news conference in Moscow Friday [21 July].

Meshkov said that he had been elected president fairly and democratically and that nobody questioned the elections' results, so that only "the people of Crimea can choose forms of state power" in the republic. "Until the people decide otherwise, I remain president", he stressed.

Meshkov was ousted this spring by a resolution of the Ukrainian parliament.

Speaking about recent Crimean Tatar riots, Meshkov said that they were "of a purely speculative nature." The situation is especially dangerous because criminal groups chose the "ethnic factor" as means for achieving their goals, he said.

Pro-Russian Faction Set Up in Crimean Supreme Council

LD2107163595 Kiev UNIAN in Ukrainian
1250 GMT 21 Jul 95

[FBIS Translated Text] [No dateline as received] — A new faction, "Soyuz," [Union] which has been set up in the Crimean Supreme Council, is so far abiding by its stance as an observer and its members refrain from leading or joining any commissions. The faction consists of 13 people. Oleh Kyrylov, the leader of the newly set up faction, told UNIAN.

"We will wait and see which road the new leadership of the Supreme Council of Crimea embarks, on and how far its actions will comply with the new faction's program and goals. If these goals coincide, we will take an active part in the work of the Supreme Council and will help the new leadership," he added.

Kyrylov said the main goal of the faction is to defend the rights of the Russian ethnic minority and the Russian-speaking population in Ukraine.

Commenting on the name of the faction — "Soyuz," he emphasized that is should not be interpreted as nostalgia for the former union "we would like to have a union of opinions."

Chernobyl Reportedly 'Again Operates at Full Capacity'

AU2107125295 Kiev HOLOS UKRAYINY
in Ukrainian 20 Jul 95 p 13

[Unattributed report from Chernobyl: "The Only One Operating at Full Capacity"]

[FBIS Translated Text] The Chernobyl Atomic Electric Power Plant [AES] again operates at full capacity — 1,700 megawatts. The third power unit that had been undergoing scheduled preventive maintenance was put on the nominal load of 1,000 megawatts. According to Borys Honcharov, deputy engineer in chief of the "Chernobyl AES" production organization, all the repairs were fully provided for by material and technological resources and financed in good time from its own funds.

According to Ukraine's State Committee for Atomic Energy, the Chernobyl AES is presently the only one of the five Ukrainian nuclear plants that operates at full capacity. This year, the coefficient of using the capacity of the third power unit has reached 98.9 percent, whereas the average index for the industry is 84.7 percent. The Chernobyl AES also leads in adhering to rules and norms of safe operation.

Economic Issues

National Bank Official Views Relations With IMF

WS2407112095 Kiev INTELNEWS in English
2254 GMT 23 Jul 95

[From the "Economic Review" feature: Interview with National Bank of Ukraine Foreign Department Chairman Oleh Rybachuk by Fedir Storozhenko; date and place not given]

[FBIS Transcribed Text] [ECONOMIC REVIEW] What was the reaction of International Monetary Fund (IMF), Ukraine's major creditor, to Ukraine's reforms so far?

[Rybachuk] Basically, the IMF reaction was predictable. It was in the form of official documents. First, there was the letter to President Leonid Kuchma, signed by Oleh Havrylyshyn, deputy chairman of the group Ukraine participates in. The second letter is to the prime minister, chief of staff of the president and deputy prime ministers.

The spirit of the letters is the same; they stress that at the last IMF Board of Directors meeting they were delighted by the reformation process in Ukraine and that the decision on the second tranche of the stand-by credit was nearly unanimous. This impression was retained up to now, although there were certain problems, as non-payments for gas, slowness of the privatization process and exceeding liquidity of the National Bank of Ukraine (NBU) — the amount of money in circulation increased but the NBU issued deposit certificates to bind the extra resources.

The greatest unrest and misunderstanding were caused by the announcements of Ukrainian officials on retaining the current inflation rate until the end of the year. This kind of information makes the provision of the third tranche by the Board of Directors to Ukraine very problematic and this was put in a very rigid form.

[ECONOMIC REVIEW] What caused the unrest of the IMF?

[Rybachuk] This can be looked at from such a viewpoint: Financial aid to Ukraine's program has been signed recently — this spring — and is now active. We have not accomplished even the half of the program but we started to correct it. Things like these are not favored but when the backbone of the program is changed, the situation becomes very serious. There are attempts to change the anti-inflation policy and it is the foundation for everything.

The program could stand alteration of the privatization schedule but as we can see now, it will not be accomplished in time. But the optimistic thing is that the State Property Fund became a branch of the executive body and is subordinated to the government. But the anti-inflation policy is the backbone of the program and there will be no bargaining between Ukrainian officials and the IMF.

[ECONOMIC REVIEW] Is it possible Ukrainian officials did not consult with the IMF on changes in the economic policy?

[Rybachuk] It caused the IMF's misunderstanding and even irritation that the announcement was done in the mass media and that no consulting with Gram Justice, IMF representative in Kiev or with Washington office staff was conducted at all. So, now a lot depends upon conclusions of the IMF mission to come to Kiev for reformation analysis.

By the way, the success of this mission might have influence on the attitude of Stanley Fisher, IMF vice president, a famous American economist. He pays great attention to Ukraine, as shown in Madrid. The Ukrainian reforms program was subject to his personal concern. But if he comes to Ukraine, it will happen only in reassurance that there will be no changes in the economical reforms program, especially in monetary and anti-inflation policies.

[ECONOMIC REVIEW] What happens if the results of mission's work are negative?

[Rybachuk] It depends on the measures the government will take. In the short term, there will be the meeting of ambassadors of Ukraine's donor countries in the IMF, as the donors have shown the greatest reaction and started to appeal to IMF representative office in Kiev, requesting an explanation for announcements of Ukrainian officials.

So, this meeting has to resolve many questions. But, generally, the success or failure of the IMF mission might raise the question on continuation or cancellation of funding for Ukraine's economic reform. And in this case, not only IMF credits but also credits of the World Bank, European Union and Japan are concerned as they are bound together. I wouldn't continue because the problem is too serious.

[ECONOMIC REVIEW] What is the IMF participation in the overall aid to Ukraine?

[Rybachuk] It is becoming obvious that funding for Ukrainian economics by the West on the two-sided basis is minimized. The clear indications for that were shown during the visit of Ukrainian officials to Germany and during talks with Finance Ministers of the western countries. All the talk is about funding through the pool — IMF, the World Bank, the European Bank for Reconstruction and Development.

[ECONOMIC REVIEW] Does that mean the future of reforms in Ukraine depends upon results of IMF mission work?

[Rybachuk] Of course. It is utopia to talk about successful reforms in Ukraine without foreign aid, because the program package includes a grace period for energy debts. All this goes together, it is one program.

[ECONOMIC REVIEW] Why did the idea of an inflation level of 4 to 5 percent a month instead of the planned monthly 1 to 2 percent as a goal by the end of the year disturb IMF so much?

[Rybachuk] What all the talk is about, is that you cannot control inflation at a monthly 4 to 5 percent as experience shows that inflation can be managed and controlled at the level of a monthly 0.5 to 1 percent. If inflation goes beyond that, as is proven by the world practice, it becomes uncontrollable. This applies to our 4 to 5 percent.

And the worst thing is that in this fashion the trust to the reforms is being destroyed. There already are indications that the real income of citizens grew (within last 4 to 5 months), the deposits to commercial banks system increased and these are signs for financial stabilization, while financial improvement is the first one to signal coming stabilization. Then there is the turn of the small and medium-size business. And there is no sense to expect production normalization for industrial monsters, such as heavy machine building.

The greatest threat is that these sprouts will be destroyed with a reason that we are in economic crisis. This approach is ideologically unacceptable.

[ECONOMIC REVIEW] What are further ways you can suggest improving the situation?

[Rybachuk] Nearly daily consulting of the institutions involved in the reforms process — the Economics Ministry, the Finance Ministry, the National Bank of Ukraine are held. The problem of the reforms course has to be solved within Ukraine and after that the official announcement has to be done that there will be no deviation from the major trend. This is the only way to stop the wave of misunderstanding started by the events mentioned above.

EBRD To Issue $45 Million Credit for Agriculture

LD2307161695 Kiev Radio Ukraine World Service in Ukrainian 1500 GMT 23 Jul 95

[FBIS Translated Text] The European Bank for Reconstruction and Development [EBRD] is to open a credit line of $45 million for Ukraine in August. The money will be spent on several projects in the agroindustrial complex in Zaporozhye Region, including the cultivation and processing of sunflower seed, and the production of castor oil.

Appeal to Peasants To Collect, Preserve Harvest

WS2107105395 Kiev HOLOS UKRAYINY in Ukrainian 13 Jul 95 p 2

["Text" of address by President L. Kuchma to Ukrainian peasants and the entire nation: "When We Say 'Bread,' We Mean 'Independence'"; place and date not given]

[FBIS Translated Text] Dear compatriots! The harvest time has come to Ukrainian fields — the hottest and most important period of the year, crowning and finalizing the work of many millions of people and laying the foundation of wealth for the entire nation.

Ukraine has long waited for a bumper crop. Today, thanks to the committed effort and work of peasants and their town partners, a harvest has been grown which we have not seen for a long time. Unfavorable weather conditions — heat and heavy rains — have changed preliminary estimates. Nevertheless, in southern and northern oblasts and in the western and eastern regions, the fields became rich in the lush and abundant ears.

There was a lot of talk forecasting failure of the sowing campaign....

These forecasts have proven wrong.

We have managed to sow crops and grow them. I trust that now, at the last stage of the agricultural cycle, the grain-growers will show an example of high responsibility and discipline, conducting the harvest campaign quickly and thoroughly, ensuring fodder for cattle-breeding industry, and laying a firm foundation for the prospective crop.

The president and the government are undertaking urgent measures to ensure smooth organization for the 1995 harvest, as well as provision of food and fodder for domestic needs and exports.

Methods of creating the state food reserves have substantially changed this year, replacing mandatory orders with contracts. This has given a lot of freedom to manufacturers and made them interested in final results of their work. Now, they need to take advantage of the new opportunities.

I have instructed relevant ministries and institutions and local government bodies to provide the maximum possible amount of funds, credits, fuels and lubricants, spare parts, and equipment to farms and processing and procuring plants. Implementation of my instructions will be rigidly controlled.

Will it be sufficient? No, it will not.

Let me tell you frankly and honestly: For objective and subjective reasons, the state is presently unable to give our peasant, our Great Worker, everything which is necessary for the normal production process, including adequate living conditions in return for hard work. Many problems are not yet resolved properly. The countryside is starved for new equipment, technologies, and material and financial resources, including basic consumer products. In some regions, wages are not paid on time.

The president and the government do their best to resolve these vital problems, which are experienced by the countryside. All presently available state resources are being funneled into this crucial area for the well-being of the state and citizens. Favorable conditions are being created for attracting nonstate and foreign funds, equipment, and modern technology.

Also, we cannot let objective economic conditions, coupled by ineptness and plain lack of economic skills, damage the harvest which we have grown with so much difficulty.

The priority task for all management and economic levels is to ensure a smooth and stable harvest collection efforts. Carelessness, bureaucracy, and parochial attitudes toward this extremely important state matter are unacceptable. Power engineering specialists, industrialists, as well as people working in banks, trade, municipal institutions, customs officers — all of them must know their place in this crucial matter.

Absolutely everything should be subordinated to the harvest and main task — to gather bread on time and without losses so that every wheat ear gets to the state, collective farms, or farmers' warehouses.

Special attention should be focused on those participating in the harvest. Central and local government bodies should ensure most favorable conditions for those who spend day and night conscientiously working on the fields. Honest and efficient work has to be adequately encouraged. The state seeks ways to repay debts it runs to the countryside and ensure timely and complete settlement of mutual payments for the future harvest. We no longer have the right to fool the peasant.

Local government institutions and industrial enterprise leaders should consider providing urban residents with food supplies by giving them land plots and kitchen gardens and letting them participate in agricultural works in collective and other farms. For this purpose, we need to settle relevant organizational, transportation, and other problems.

In one of my first public appearances after I was elected president, I declared that it is the Ukrainian peasant who epitomizes the rock bed of political and economic stability of the state, and that it is his diligence, patience, and wisdom that hold our society together. Today, I have become even more convinced of this. That is why I am appealing to you, the Ukrainian peasants, to conduct the harvest honestly and thoroughly, preventing losses.

The progress of political, economic, and social transformations in Ukraine, its present and future, as well as the well-being of all of its people, largely depends on the results of your work.

Bread and the independence of our state are very close synonyms. When we say that the fate of crops is now being decided on Ukrainian fields, we mean by this that the fate of our state and democratic and market reforms is also being decided.

Thanks to the titanic efforts of our grain-makers, there is a possibility to achieve a real breakthrough in food supplies to our population as soon as this year.

I am appealing to all rural and urban workers and to all on whom the resolution of this issue depends to take full advantage of the available financial, material, and human resources to ensure the creation of the richest possible food reserves in Ukraine.

I trust that our people's centuries-long diligence and love of the land will help collect and preserve the grown harvest.

Thank you!

Legislator Criticizes Central Bank Policy

WS2107125195 Kiev KIYEVSKIYE NOVOSTI in Russian 14 Jul 95 pp 4, 6

["Exclusive" interview with Viktor Ivanovych Suslov, chairman of the parliamentary commission for issues of finances and banking policy, by Volodymyr Kartashov; place and date not given: "It Is But One Step From Bankruptcy to Chaos. Does the National Bank of Ukraine Know This?"]

[FBIS Translated Excerpt] [Kartashov] Let us begin our interview with recent events. The Press Service of the National Bank of Ukraine [NBU] has reported that activities of the commercial bank "Ternava" (Ternopil) and commercial joint stock bank "Lehprombank" (Mykolayiv) were halted. The liquidation of these banks will be executed in accordance with the Statute of Sanctions Imposed by the NBU for Violating Banking Legislation. Previously, 11 banks were liquidated. Thus, out of 228 commercial banks of the new wave, we have 215 banks left. Due to a tough monetary policy, administrative pressure by the NBU, and bizarre taxation, these banks are in a difficult situation, too. In your opinion, what is the reason for the crisis in the banking system?

[Suslov] I will begin with a comment regarding the number of commercial banks. Some people say: "We are short of banks. The United States has 15,000 banks...." Other people state the opposite — "We have a lot of banks" — and cite the example of Canada, which can function with 13 banks. It all depends on the banking system. Banks in the United States, for instance, virtually do not have any branches. Other countries have less banks, but those banks possess a wide network of branches. Every state should approach the development of its banking system proceeding from its specific circumstances.

It should be well understood that the point is not in the number of banks, but in the knowledge of the fact that bankruptcy of any bank delivers a powerful blow to the national economy. The collapse of several large banks may lead to chaos and ruin the entire financial and credit system. Bankruptcy of a bank can by no means be compared to bankruptcy of a state enterprise. A normal bank has tens of thousands of customers and enterprises keeping their accounts in it, so its bankruptcy strikes entire economic sectors. Many banks are not large in terms of the volume of their operations, but they may specialize in one or several economic branches. If such a bank finds itself in a difficult situation, the future of entire branches may be threatened. Therefore, it is not accidental that many developed countries pay great attention to the safety of banking institutions. They continually improve their methods for keeping banks "afloat." I mean such methods as insurance, compulsory readjustment, and bank mergers.

[Kartashov] We only talk about this, but do nothing to improve the situation. Are we working on such methods at least theoretically?

[Suslov] Indeed, we have not yet gone so far. What is wrong with our policy regarding commercial banks? In my opinion, the wrong is in our totalitarian mentality, in the lack of market-oriented psychology on the part of a considerable body of citizens, including those "clutching power for themselves." Due to this, bankruptcy of a bank evokes a malicious smile from many: "Now you have done it with your credits!" Not only that specific bank, but its customers also "have done it." This means woe and grief to hundreds of thousands of people. As soon as a bank finds itself in such a situation, we in the Supreme Council receive a gush of appeals and statements by those having lost their deposits. Each bank has thousands of depositors. Nobody can help them compensate their losses. Does it follow that they also have done it? Both the National Bank and the Supreme Council can equally be reproached for not yet resolving the issue of the safety of banking institutions and introducing an appropriate supervision system.

[Kartashov] What is your commission doing to try to change this situation?

[Suslov] We think that it is necessary to do everything possible to protect the interests of depositors. We are currently working out a draft law on insuring deposits, according to which bank depositors will be protected if their bank goes bankrupt. Naturally, it is necessary to create an appropriate insurance fund for this purpose. But this is not the main road. The main road, of course, is to elaborate and legislatively seal a system for readjusting banks, including their compulsory merger or state support if they comply to certain conditions. President Leonid Kuchma, in his speech in Uzhhorod, said that he does not rule out the possibility of nationalizing banks. In my opinion, such an approach cannot be the basis of state policy.

What does the nationalization of a bank mean? It primarily means that in such a case the state assumes all debts and settles all liabilities of a given bank. How can Ukraine, with its meager budget, find such money? I think that such an option is possible only in exceptional cases, where it is necessary to protect serious economic interests concentrated in a given bank. I am assured that the closure of any bank should be treated as an emergency event; if possible, such a measure should be avoided. It is necessary to follow the path of tighter supervision of banks. We do not have such a supervision mechanism today. Let us suppose that a bank is facing closure or standing on the verge of bankruptcy. An inquiry as to the reasons reveals that the bank has deliberately given away the majority of its resources in the form of grants or loans without pledge, or has on numerous occasions given credits to firms that were bankrupt for a long time, etc. In other words, its activities were of a criminal nature. Such "mini banks," operating with criminal methods, are numerous. However, if they are able to operate and flourish for some time, then this only testifies to the fact that the level of supervision by the National Bank is far from satisfactory. Our commission, after examining this issue, has even demanded that the National Bank make personal changes in the composition of its board.

[Kartashov] What were the NBU's conclusions?

[Suslov] NBU Board Deputy Chairman Markov, who was responsible for this area of work, has been fired. A new man to this post has not yet been appointed, or, to be precise, has not yet been introduced to us, since the members of the NBU Board have to be approved by the Supreme Council Presidium.

[Kartashov] As of today, even NBU Board Chairman Viktor Yushchenko is being subjected to quite sharp criticism....

[Suslov] You are right. Such criticism was once again voiced in a report by President Kuchma in connection with the NBU's tough monetary policy. Both in the Supreme Council and at his news conferences, Leonid Kuchma is urging a softer monetary course. I think that he is right.

[Kartashov] It follows that the NBU should abandon its policy of tough monetarism?

[Suslov] Such is the president's stance. It is clear that not everybody has fully understood how strongly the situation has changed in connection with the signing of the Constitutional Agreement. First, the NBU is now deprived of legislative initiative. This means that any project submitted by the NBU to the Supreme Council has to be sent by us for review and approval to the government or the presidential administration. Sometimes it has to be sent to both institutions simultaneously. Second, indicators of objective policy [indikatory predmetnoy politiki] are being determined by the president. This is probably why the Supreme Council has not yet approved the "Main Directions of Credit and Financial Policy for 1995." This document was submitted to us by the NBU, but since it was not agreed to with the government, we sent it to the Cabinet of Ministers. We have not yet received an answer. Therefore, we do not know whether the government agrees with such a policy. Furthermore, according to the Constitutional Agreement, the chairman of the NBU Board, as is the case with the Prosecutor General, is proposed by the president and approved by the Supreme Council. The same procedure is applied to dismissals from this post. This stipulation of the Constitutional Agreement is currently subject to mixed interpretations. Some people think that the president should now make use of this right and propose a new candidate for the post of NBU chairman to be examined by the Supreme Council. Others see this in a different way. Everything will become clear after the so-called "case" of the Prosecutor General [Datsyuk] is solved.

In the long run, however, it all comes to the requirement that the NBU should bring its policy in line with that pursued by the president. This is absolutely right. Following the signing of the Constitutional Agreement, the role of the NBU has noticeably diminished — the NBU is to be, if one may say so, a pressing machine of the executive power personified by the president and the Cabinet of Ministers. The NBU today is simply obliged to coordinate its policy with the executive. Such are the requirements of the interim period, in which our country has found itself. If the NBU does not do this, the president, in my opinion, will surely make use of his right. He will not criticize the NBU's policy anymore, but will resort to administrative levers of control.

[Kartashov] However, it is still possible to assert that for the time being the NBU is playing the role of a monopolist. The NBU is not appropriately counterbalanced. Therefore, it may be necessary to create an appropriate supervisory body for the banking sphere.. As far as I am informed, there exist two projects for creating such a body. One project was proposed by the Kievan Banking Union, the other is a component of the Law on the National Bank of Ukraine, which has been drafted by a group of people's deputies. What is your attitude toward the creation of such a body?

[Suslov] My answer is in the affirmative. The Ukrainian president thinks that such a body should operate independently from the NBU. The NBU opposes this view. The draft law on the NBU, which you mentioned, stipulates that the supervisory body should be in charge of the NBU. This is a very important issue, and we, the legislators, need to examine it in the most considerate way. It is we who will determine to a significant extent to whom this body should be subordinated.

[Kartashov] What is your personal point of view?

[Suslov] There are pros and cons here. Today, many of NBU's functions are concentrated. This is understandable, since the NBU is a direct successor to the [former] State Bank. The State Bank had to perform all functions, since there were no other banks. The NBU is gradually getting rid of these functions, but it still retains many that should not be performed by the central bank. In Germany, for example, the department for supervising banks is not included in the structure of the Bundesbank. It is an independent body. The central bank in Germany is primarily concerned with implementing financial and credit policy and securing the stability of the monetary unit. This is why the Bundesbank is supervising commercial banks. [as published] In future, we will surely come to such a situation, too, but this in no way means that we should pursue such a policy today.

What is wrong with our current banking system? It is the fact that the system draws a definite dividing line between the rights of commercial banks and those of state institutions. We are currently arguing with the NBU over one elementary question: Is the NBU a state institution or not? The NBU Board persistently protects its state status, regardless of how paradoxical it may seem. In such a case, the NBU's employees'salaries should be the same as other state servants, and the NBU should operate according to the laws governing state institutions.

[Kartashov] But this, as of today, is not advantageous?

[Suslov] It is not. On the other hand, it is also inadmissible to commercialize the NBU, because the NBU, due to its nature, is a state institution. The NBU wants to be somewhere in between....

[Kartashov] Viktor Ivanovych, the details presented by you testify to the fact that the NBU has not so far worked out a sensible mechanism for regulating the activity of commercial banks. What mechanism would you propose?

[Suslov] The main thing is that everything related to the issue of regulating the activity of commercial banks should be supported by legislative acts. Unfortunately, we do not get any assistance from the NBU on this matter. The problem lies in the fact that today the NBU regulates the activity of commercial banks by telegrams of every sort, which are not even signed by the the NBU Board chairman. Banks are often nonplussed by contradictions in these telegrams. As a result, not only the banking system, but the economy as a whole suffers from this. We should at last determine — clearly and on the legislative level — both the procedure for registering commercial banks and the sum of authorized funds, as well as to delineate the scope of functional activity of banks. In addition, all norms should obligatorily be determined by legislative acts. If all this is done on the legislative level, then it will be easier to work for both the NBU and commercial banks, since stability will appear.

What is going on at present? Let us suppose that an instruction has been issued for commercial banks regarding their deposit reserves. Operations with depositors' money have been eased, so banks are starting to develop this kind of service. Afterward, a telegram is unexpectedly transmitted with instructions to increase the norms for reserves deposited by the population. This kind of service is abruptly becoming unprofitable. Banks, having spent huge sums, suffer a loss, as well as refuse to receive deposits and pay interest on deposits. Banks become feverish.... Such things happen systematically. [passage omitted]

Belarus

Lukashenka: Orthodox Christianity 'Moral Necessity'

LD2207173895 Moscow INTERFAX in English
1501 GMT 22 Jul 95

[FBIS Transcribed Text] MINSK, July 22 (INTERFAX-WEST) — President Alyaksandr Lukashenka of Belarus said on Saturday it was not a political but a moral necessity to preserve and develop Orthodox Christianity in Belarus, Russia and Ukraine.

"We have no right to cut the branch on which we are sitting," Lukashenka said as he welcomed the visiting head of the Russian Orthodox Church, Patriarch Aleksey II. "If we lose, through our own unwise actions, Slav culture as our foundation, we will thereby encourage spiritual and ideological aggression."

The president, who received Aleksey in his residence in Minsk, deplored today's disunity within the Russian Orthodox Church. "Splits and separatism in Orthodoxy cannot be tolerated," he said.

Roman Catholics and Protestants in Belarus "have embarked on a path close to political intrigue," he went on. "Something has started that resembles sporting contests for the opening of Catholic churches and (Protestant) prayer centers. That is an insult to us, because we have never raised any obstacles to anyone. One is getting the impression that a breeding ground for future conflicts is taking shape."

Lukashenka expressed the hope that Aleksey's planned five-day stay in Belarus would "sober up the hot heads of those who wish to see the people of Belarus lose their identity and their pride."

The Russian Orthodox Church "has been and remains loyal to its principles and is not trying to fish in the troubled waters of interparty disputes," the Belarussian leader said.

"We have great respect for the Orthodox Church, which takes an active part in social life, in the overcoming of ethnic conflicts and confrontations and in the work to eliminate the consequences of the Chernobyl accident (a 1986 accident at Ukraine's Chernobyl nuclear power plant which also badly affected neighboring Belarus)."

Lukashenka also said he hoped the Orthodox Church would always share the "joys and difficulties" of the Belarussian people and help the republic solve its problems.

There are today 918 Orthodox parishes in Belarus and in the last five years 318 new parishes and eight monasteries have been opened, the president said.

The Russian Orthodox Church also has a seminary and a religious school in Minsk and will soon have an academy in Belarus. There are also 136 Sunday schools in the country.

New Structure of Presidential Administration

LD2307204195 Minsk Radio Minsk Network
in Belarusian 1200 GMT 23 Jul 95

[FBIS Translated Text] In accordance with an order, the structure of the president's administration now includes: The Secretariat of the President; the Chief Economic Directorate; the Chief Directorate of Public and Political Information; the State and Legal Directorate; the Directorate of Personnel Policy, also including the Committee for Fighting Corruption in the Bodies of State Power and Administration; the Directorate for Issues of Citizenship, Awards, and Amnesty; the Directorate of Office Management and Agricultural Machinery; the Department for Relations with the Supreme Soviet.

The composition of the administration of the president also includes the following positions; the head of the president's administration; the first deputy head of the president's administration; the deputy head of the president's administration — the head of the Chief Economic Directorate; the deputy head of the president's administration — the head of the Chief Directorate of Public and Political Information; the representative of the president in the Supreme Soviet; the deputy head of the president's administration.

Commenting on this order, Uladzimir Zamyatalin, the head of the Directorate of Public and Political Information of the president's administration, said that the reorganization of the structure of the president's administration is directed at improving its functioning. Uladzimir Zamyatalin did not answer the question whether this reorganization will be followed by a reduction in the apparatus of the president's administration.

Russia To Finance Protection of Oil Pipeline

WS2107120395 Minsk BELAPAN in English
1145 GMT 21 Jul 95

[FBIS Transcribed Text] The Belarusian militia will guard the Russian oil pipelines on the territory of Belarus. The initiative to do this work was submitted by the Belarusian Ministry of Internal Affairs to Prime Minister Mikhail Chyhir who approved it. The necessity of guarding these oil pipelines was provoked by the fact that last year and a half 422 cases of their artificial depressurization were registered. At present, according toinformation received, the "Akhova" [Protection] organisation of the Ministry of Internal Affairs is estimating forces and resources necessary for the guarding of the oil pipelines. Certainly the guarding will be financed by the Russian party.

Moldova

Snegur Seeks Integration With European Structures

LD2207112995 Moscow INTERFAX in English 1620 GMT 21 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] Moldova plans to enter into the European Union as part of its foreign policy priorities, President Mircea Snegur told visiting Austrian Foreign Minister Wolfgang Schalenberg in Chisinau on Thursday [20 July].

IF Note: Chisinau signed a partnership and cooperation agreement with EU countries, now in force, and is to strike a trade agreement with the EU in autumn.

Snegur unveiled plans for the country's integration into European structures.

He said that an outline political agreement with Austria was now in the making and the two countries were expected to strike an investment protection deal soon.

Snegur Sees Gagauzia-Style Solution to Dniester Issue

LD2107181695 Moscow INTERFAX in English 1620 GMT 21 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] The country's southern autonomy of Gagauzia can serve as a precedent for resolving the problem of Transdniester, President Mircea Snegur said after a two-day tour of southern parts of Moldova.

He described the situation in Gagauzia as stable.

Snegur said Chisinau must do its utmost to help towards economic recovery of the territory. In his words, huge spending will be needed to recommission local food processing facilities and create new ones.

Snegur spoke of a recent meeting with Turkish President Suleyman Demirel in Bucharest at which Demirel had reaffirmed his country's willingness to provide a $35 million loan to Moldova. Snegur said most of this would be used to help resolve Gagauzia's problems.

Today marks exactly three years since Russia and Moldova signed an agreement on settling the armed conflict in Transdniester.

A joint statement by the co-chairmen of the peace monitoring commission of Moldova, Transdniester and Russia made available to INTERFAX says that the peacemaking operation in the region proved effective and was the optimal way of putting an end to the military stand off at the time.

It speaks of a seizure of large amounts of weapons over the period and clearing vast areas of land from mines. Positive results are also reported about police operations and searches of those unaccounted for.

For his part, leader of the self-styled Transdniestrian republic Igor Smirnov told Interfax that nothing short of the region's statehood can serve as a guarantor of the peace accords signed by Chisinau and Tiraspol. In his words, ongoing talks with Chisinau are aimed at consolidating and recognition of Transdniester's statehood.

However, Smirnov said Moldova had rejected Tiraspol's latest proposal that the two sides sign a memorandum on the region's statehood.

Nonetheless, he called for further talks with Chisinau with possible Ukrainian involvement. Smirnov said Kiev may appoint its own envoy as Russia did.

However, he is firmly opposed to Romania's participation saying Bucharest "has always stalled the negotiating process."

High-Ranking 14th Army Officers Reported Dismissed

AU2207172295 Chisinau BASAPRESS in English 1930 GMT 21 Jul 95

[FBIS Transcribed Text] Chisinau BASAPRESS 21/7/1995 — Some officers of the former 14th Army are being dismissed. BASA learned from the Russian troops command that among the dismissed are the 59th Division commander, Major General Yuriy Popov, who earlier went on strike as a protest against General Aleksandr Lebed's dismissal; the 183rd regiment commander, Colonel Vladimir Petrov; and Colonel Nikolay Protasov. The dismissed officers were offered vacations and proposed to find new jobs in Russia. They will be replaced by officers brought from Russia. Half of all officers are Dniester natives. Sources from the Russian troops command report that new cadre cuts will occur in September. According to the Moscow newspaper KOMSOMOLSKAYA PRAVDA, General Yuriy Popov was refused enrollment in the General Staff's Military Academy. He was offered a function in the Baykal military region.

Parliament Votes To Dismiss PDAM Dissidents

*AU2207171395 Chisinau INFOTAG in English
1930 GMT 21 Jul 95*

[FBIS Transcribed Text] Chisinau INFOTAG, 21/7/1995 — On Friday [21 July] the Parliament of Moldova decreed the resignation of the vice chairman of the Parliament Nicolae Andronic, the chairman of the Legal Commission on Appointments and Immunity Eugen Rusu and the chairman of the State Security Commission Ion Ungureanu. These are three of the 11 deputies that quit the Agrarian Democratic Party [PDAM] and its parliamentary faction. The PDAM decided to withdraw them from the Parliament. The majority of the PDAM and the Socialist Unity factions voted for the resignation except the 11 dissidents and a small group of opposition. The Peasant and Intellectuals Bloc and the Christian Democratic Popular Front Alliance factions abstained from the vote. Petru Lucinschi, the chairman of the Parliament, approved of the PDAM decision saying that "each of us should recognize that politics may by tough and that one should be ready to face the results of one's own actions."

Kazakhstan

Yesengharin, Iranian Ambassador Review Relations

LD2107165095 Tehran IRNA in English
1524 GMT 21 Jul 95

[FBIS Transcribed Text] Almaty, July 21, IRNA — Iranian Ambassador to Kazakhstan Rasoul Islami and Kazakh Deputy Prime Minister Nyghmetzhan Yesengharin here Thursday discussed Tehran-Almaty cooperation in the fields of telecommunications and transport.

Yesengharin said that the two countries already had very good cooperation in these areas and expressed hope that their cooperation would further improve in the future.

In a separate meeting with the Kazakh minister of education, Mamashov [name and title as received], the Iranian ambassador reviewed projected cultural exchanges between the two countries.

The Iranian ambassador also discussed details of a projected cultural Iran-week in Almaty.

The two officials also voiced the readiness of their respective governments for promoting mutual cultural relations.

20-Year Lease of Leninsk to Russia Criticized

LD2207150895 Almaty GORIZONT in Russian
21-27 Jul 95 p5

[FBIS Translated Excerpt] Literally in a week's time, Leninsk (one of the two towns subordinate to the republic's government) will stop being Kazakh for 20 years. The agreement on this was initialled by Russian Deputy Prime Minister Aleksey Bolshakov and First Deputy Prime Minister of Kazakhstan Nyghmetzhan Yesengharin.

The high-ranking statesmen explained this decision as follows: Kazakhstan has handed Baykonur [space-launch center near the Kazakh town of Leninsk] over to Russia for a long period. So, they say, the governments of the two countries also consider it necessary to put Leninsk (the majority of the population of which services the cosmodrome) under the jurisdiction of the Russian Federation.

By the way, the signing of the Baykonur agreement has hardly been noticed. If one disregards the limp publications of the Kazakh press and the scant information in the Russian means media, then one can say that this historic event did not evoke any specific reaction from either sides. It is to some extent explicable. The politicians of the neighboring state are much more worried about such problems as the war in Chechnya and the forthcoming elections than about "some Leninsk." There is a similar situation in Kazakhstan — the adoption of the new constitution is at hand, as is the move to Akmola [the new capital of Kazakhstan]. The public itself, excluding some radicals, has also refrained from making comments in public, taking their lead form the powers that be.

Does this mean that the problem is non-existent? Does this mean that Leninsk, in reality, must remain on the verge of global Kazakh-Russian relations? Let us take a profound look at it, look weightily, try to assess the real situation and to calculate all the consequences of the agreement. For example, the public speeches of some people give me not the slightest cause for hope but, on the contrary, make me worry about those who say that the transfer of Leninsk will supposedly not affect the state interests of Kazakhstan in the least. I do not know to whose accompaniment these gentlemen are "singing", but I will permit myself not to agree with them.

Let's take a closer look at this. The supporters of the agreement maintain: up until recently, the town [Leninsk] was financed by Russia at 94 percent, while now, they say, Kazakhstan has been freed from the burden of paying the remaining six percent. Questions arise immediately. Was is worth creating the problem because of this ill-fated six percent, if the expenditures were not at all burdensome? The population of Leninsk has not exceeded 100,000 people (many of whom have professional qualifications which are in demand!) The second question: how much will the ecological rehabilitation of the area cost the republic after 20 years of intensive exploitation? The third: does not it seem, gentlemen opponents, that the introduction of a mass of [Russian] roubles into Leninsk will undermine the stability of the tenge? And, fourthly, to whom will the profits of Baykonur and the enterprises of the defense departments go? It is perfectly clear that if they [defense bodies] are unprofitable, then they will be restructured. At any rate, Leninsk industry will not bring benefit to Kazakhstan in the foreseeable future. If it is to be restructured, then the Russian side will remove all the equipment on the expiry of the terms of the agreement. If not, then in 20 years the burden of conversion problems will fall on Kazakhstan.

The political aspects of putting Leninsk under the jurisdiction of the Russian Federation also cause many problems. It is no accident that before and after concluding the agreement Russia repeatedly emphasized that the town would be closed [to outsiders], as it was during the time of the USSR.

Therefore, space technology will not be accessible to Kazakh specialists. This is extremely undesirable, as the space industry, in which Kazakhstan is not obviously prominent, is considered very up to date.

A closed Leninsk has another undesirable aspect. The West is worried at the strengthening of imperialist attitudes in Russia, and now can directly or indirectly count Kazakhstan as one of the strategic partners of the Russian Federation. The G7 will have yet more grounds for restricting financial assistance to the Russian bear and, together with it, to Kazakhstan. [passage omitted]

In general, the Baykonur-Leninsk problem has been settled legally. But to what extent is this just?

Nazarbayev Decides Repatriation Quota for 1995

LD2307114495 Almaty KAZAKHSTANSKAYA PRAVDA in Russian 20 Jul 95 p1

[FBIS Translated Text] Resolution of the President of the Republic of Kazakhstan on the 1995 immigration quota:

In accordance with the Republic of Kazakhstan's immigration law, and with the aim of organizing the resettlement of refugees who express a wish to return to their historical motherland, I resolve:

1. To fix the 1995 quota on immigrants from foreign countries at 5,000 families.

2. To instruct the Cabinet of Ministers of the Republic of Kazakhstan:

- to take necessary measures to implement this resolution;
- to allocate 250 million tenge from the State Employment Assistance Fund to organize the resettlement, reception, settling, and adaptation of repatriated refugees;
- to determine districts and settlements for the compact resettlement of repatriated refugee families, and to define the types of economic entities at which they should be employed;
- to ensure that they are received and helped to settle down, and to create the necessary social and living conditions;
- to arrange payment privileges for lodging, fuel, electric power, and other communal services for repatriated refugees.

3. This resolution comes into force from the day of its publication.

[Signed] President Nursultan Nazarbayev of the Republic of Kazakhstan
[Dated] Almaty, 18 July 1995.

Nazarbayev's Thoughts on New Constitution

MM2107110995 Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 95 pp 9,11

[Report by Yuriy Kirinitsiyanov: "Constitution of Presidential Dimensions. It Seems Extremely Interesting To Publish President Nazarbayev's View on Some of the Most Pressing Sections of the Kazakhstan Constitution Being Drafted. Here Are the Head of State's Thoughts...."]

[FBIS Translated Text] Almaty

On Article 40 from the 'President' Section

The Assembly of Peoples of Kazakhstan had a heated discussion of the point of Article 40, which we included at the suggestion of foreign experts.

Article 68 of the French Constitution and Article 49 of the Greek Constitution affirm virtually the same thing: "The president of the republic is not accountable for actions committed in the performance of his duties aside from cases of state treason." When I have to explain this provision I cite Article 45 of the draft, which literally says the following: "Acts signed and issued by the president of the Kazakh [Kazakhskaya] Republic are ratified accordingly by the signature of the prime minister, the chairman of each of the chambers of parliament, or other senior officials who are assigned legal responsibility for the constitutionality and legality of these acts."

Thus I would like to stress that no one is trying to relieve the president of his burden of responsibility. He is responsible for the country's territorial integrity and for people's civil rights. But at the same time developed democratic countries do not summon the president to the Constitutional Court to provide any kind of explanations. But when the discussion arose I decided to remove this point — Article 45 "covers" it.

...On the Current Constitution

I have never previously claimed that the previous Constitution was the best. On the contrary it is the "product" of compromise between the former Union parliament and the realities facing our country. But it does not befit the head of state, who is obliged under the Constitution to ensure the observance of laws and rights, to criticize the country's Fundamental Law by which it is living today. What option do ordinary voters have then?

On the contrary, both the president and all citizens should obey the Constitution that is in force.

...On Changes in the New Constitution

Our life is extremely dynamic, every day brings something new. Therefore this document cannot be viewed as something cast in stone. At the same time I am opposed to partial, hasty changes to the text. If the people vote for the Constitution they should also decide whether it should be changed.

The president is given the right to submit amendments — either for national debate or to the parliament, where a decision is adopted by a three-fourths majority vote.

New generations will come along and with them new realities. The 21st century is coming. Things will certainly change. But I am convinced that the fabric of the document will remain. Note, the U.S. Bill of Rights has been in existence for over 200 years. But amendments to it fill several dozen volumes. And that is quite normal.

...On the Status of the Capital

I can firmly state that I intend to move the capital to Aqmola. It is necessary to be utterly consistent here. Our state's Constitution does not name the capital. Why? Because only the USSR Constitution contains an article of this kind. I think that it would be correct to adopt a special law on this point; moreover it should also stipulate the status of the capital. I think that we will also determine the status of Almaty once the capital has moved.

...On the Policy of Neutrality

I think that there is no need for Kazakhstan to separately declare itself to be a nuclear-free state. That is acknowledged by the rest of the world. However, Article 8 reads as follows: "The Republic of Kazakhstan, respecting the universally recognized principles and norms of international law, pursues a policy of cooperation and good-neighborly relations between states, a policy based on their equality, noninterference in each other's internal affairs, and the peaceful resolution of international disputes." Point 2 of this article says: "The Republic of Kazakhstan renounces war and the first use of armed force and aspires to a policy of neutrality." I was on the whole inclined to declare Kazakhstan a neutral state, but treaties signed within the CIS framework do not enable me to do so.

However, when concluding new treaties we must bear in mind the people's desire for neutrality. We have no intention of fighting anyone. We would like our neighbors near and far to treat us in the same way. And another point: I make no secret of the fact that I take a negative view of France's decision to resume nuclear testing, and of the explosions being carried out by China....

...Once More On Changes to the Text of the New Constitution

I have always considered Kazakhstan a state for all citizens regardless of nationality, religion, and political convictions. The text of the previous Constitution said that this is the state of the "self-determined Kazakh people." This idea also caused me some embarrassment when I started explaining it. After all,. my signature is on the Fundamental Law....

A second, equally acute question is that of land ownership. A very difficult problem. The sociological polls that I have already mentioned were needed. We propose that our economic policy be seen as moving toward a market economy, and that is why the draft laws have adopted radical changes on the private ownership of land. Let me cite Article 5: "Land, its mineral wealth, water, the vegetable and animal worlds, and other natural resources are in state ownership but may also be in private ownership on a basis, conditions, and within limits prescribed by law."

...On Borrowing Foreign Experience

I am sometimes reproached for the "one-sided appearance" of the Constitution. But people overlook the fact that those sections which ban or do not permit something do not contain a single paragraph or proposal drawn up by Nazarbayev personally. We availed ourselves of the experience of the constitutional system in France, Germany (West), Italy, Greece.... No one would dare to say that these countries are undemocratic.

However, I will not hide the fact that there is a great desire to take account of our realities, our Asian or, if you like, Oriental mentality, the life of Kazakhstanis and Kazakhs, their past, and their traditions. But all that must be linked to our movement toward a democratic state based on the rule of law.

...On the Main Aim of the New Constitution

Once a discussion has ended, it takes time to analyze and summarize all the proposals received. I reckon that the date of a national referendum will be announced in early August. I will ask the people of Kazakhstan to support me. I will ask journalists not to call it "Nazarbayev's" Constitution. I am just one of the authors, and my real objective is not to establish a regime based on personal power but stability in the state. The Constitution of Kazakhstan must protect its citizens from the bloody wrangling which we can see in certain Commonwealth countries.

...On the State and Official Languages

I believe that the Russian language should be given official status. That would be fair in our conditions. I consulted Russian citizens on this along with Patriarch Aleksiy II of Moscow and all Russia. And I met with complete understanding.

Removing the Kazakh language's status as the state language would be humiliating for the Kazakhs. We will not be able to do that. Nor would that add to stability in the republic....

The Russian language currently has the unfathomable status of the "language of interethnic relations." It will now be an official language, i.e. as translated from the Latin "the official government [pravitelstvennyy, dolzhnostnoy] language".... I believe that is normal. I really do ask representatives of the mass media not to enable anyone to speculate on this matter.

Anti Crime Campaign Fails To Make Impact

LD2107171895 Almaty Kazakh Television First Program Network in Russian 1400 GMT 21 Jul 95

[FBIS Translated Text] Today in Almaty Akezhan Qazhygeldin, the country's prime minister, held an expanded-format meeting of the republican Council on Fighting Organized Crime and Corruption.

Internal Affairs Minister Bolat Bayekenov assessed very skeptically the four-phased law and order operation. In spite of the fact that 13,000 illegally held guns were seized, over 4,000 people detained for links with the drugs trade, and about 50,000 unregistered foreign citizens uncovered during that period, the effect is far from what was expected. On the contrary, a rise in crime has been observed; and what is particularly unpleasant is that the number of serious crimes is continuing to increase. There is grave concern about corruption among the interior organizations' employees.

According to (Nazimbek Akimbekov), the head of department on law enforcement organizations, foreign citizens are giving the police a lot of trouble. Eight hundred and seventeen foreigners, of whom 390 are citizens of the CIS, have been expelled from Kazakhstan for breaking passport regulations. Out of the total number of crimes committed in the last half a year, 370 were committed by foreigners.

Summing up the results, Akezhan Qazhygeldin proposed setting up temporary advice points in the capital's airport, where foreigners will receive consultation on the registration procedure.

As for the coverage of the law and order operation, the standard of programs on the Republican Radio and Television Corporation was criticized most severely by the prime minister.

Engineer on Possibilities of Saving Aral

954F2824A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 15 Jul 95 p 4

[Article by Ivan Druzhinin, engineer: "Loss of Aral a Foregone Conclusion—Is It Conscious and Deliberate?"]

[FBIS Translated Text] Earlier than the word "Chernobyl," the word "Aral" came to denote an alarm, warning people not to succumb to the dangerous temptation to take everything possible from nature, be unconcerned about preserving it, and ignore its objective laws. In virtually a single generation, literally in front of everyone's eyes, the largest lake on the planet (not without reason people respectfully termed it a sea), a lake that emerged more than 2 million years ago, has almost ceased to exist.

Can it be saved?

In the assessment of independent experts from the United States, Japan, and Canada, about $200 billion will be required to stop the Aral Sea from drying up and to restore it to its former level. There presently exist over 200 projects for saving the Aral, but none of them can even begin to be implemented—the treasury lacks the money.

In response to the proposal of the executive board of the International Foundation for Saving the Aral that plans be submitted to them for competitive judging, I decided to do my part in the noble cause of rescuing the Aral and submitted my own plan.

Its essence consists in the fact that stability of the existing volume of water in the Aral can be secured in 1996 and maintained for subsequent years. The natural water runoff from the Amu Darya and Syrdarya will provide the Aral 10 cubic kilometers per year, drainage and reservoir water—14 cubic kilometers a year. We can obtain 6 cubic kilometers a year in the gravity overflow from mountain lakes through existing river beds (present reserves of such waters amount to 500 cubic kilometers), and 5 cubic kilometers a year from atmospheric precipitation. Some 33 cubic kilometers a year would be required to stabilize the sea at this time, and the measures enumerated above will yield 35 cubic kilometers a year.

As far as restoring the sea to its former level (+53 meters) is concerned, my plan envisages the use of subsurface waters of the Kara-Kum in a volume of 32 cubic meters a year. To do this, I am proposing a new water intake method with respect to subsurface waters—the cutting of underground irrigation tunnels (drainage galleries or culverts). Iran is the country where we see classic use of irrigation tunnels. The same conditions of nature found in Iran are found in Turkmenistan, where it is planned to use the subsurface Kara-Kum waters to save the Aral. Desert occupies a large portion of the territory of these countries. There is practically no river runoff, no volume of precipitation. However, Iran has provided subsurface water to its entire populace—20 million people, and to 50 million head of livestock. Hundreds of cubic meters of subsurface water are used each year to irrigate large tracts of land as well.

The volume of subsurface Kara-Kum water (32 cubic kilometers a year) taken to save the Aral will not upset the water balance here (this aspect is treated in detail in the plan). In accordance with the plan, water from 32 irrigation tunnels, each 1 kilometer long, will feed into the Sarykamys storage facility, raise the water level therein, and then flow by gravity through the existing dry bed of the Daryalyk to the Amu Darya, then on to the Aral Sea.

The cost of cutting and setting up an irrigation tunnel 1 kilometer long is R300,000 [rubles]. The entire project will cost R9.5 million (in 1988 prices). If it turns out during the process of engineering surveys that the water discharge will be less than 32 cubic meters a year, it will be necessary to increase the number of tunnels or the length of each of them.

The level of subsoil waters of the Kara-Kum has increased sharply in recent times. Large areas of solonchak have formed in the summertime from the intense evaporation of water. This presents a new ecological nuisance.

Corresponding member of the Turkmenistan Academy of Sciences V. Kunin asserts, "If we were to mentally remove the rock mass and lay bare the mirror of subsoil waters of the Kara-Kum, we would be presented with the vision of an unimaginable sea of water, extending from the Amu Darya River westward and linking with the mirror of waters of the Caspian Sea."

Consequently, if the level of subsurface Kara-Kum waters rises, the level of water in the Caspian Sea will also rise. This is why coastal settlements there are presently undergoing flooding.

An alternative for saving the Aral has been proposed which involves construction of a 500-meter channel in the sands from the Caspian Sea to the Aral. Like all the other alternatives, this is a utopian concept. If water came in from the Caspian Sea to the Aral, it would constitute an ordinary pollutant. The salt saturation of the southeastern portion of the Caspian Sea is high, and the salt concentration in the Aral is higher still. Consequently, in a few years the Aral Sea would only be suitable for the extraction of salt. And the salt water of the Caspian would ruin the fresh waters of the Kara-Kum. Apparently, the author of this plan failed to take into account the fact that the Aral is a lake with no outflow—it can be saved solely with fresh water.

The plan I proposed for rescuing the Aral was examined by the executive board of the International Foundation for Saving the Aral at the end of 1994 and by the Kazakh Academy of Agricultural Sciences, which provided a conclusion assessing the plan as interesting, attractive, and deserving of special attention. Unfortunately, the above-mentioned organizations failed to undertake any practical measures whatsoever related to saving the Aral Sea.

We can still save the Aral, but only under one condition—if we cease the endless chatter and inaction. We must save the Aral! It was noted at a conference of the international public committee Aral—Asia—Kazakhstan that numerous commissions, foundations, and departments are taking advantage of the Aral tragedy to secure their personal financial enrichment and are doing absolutely nothing to save it.

To date, all these organizations have tried to explain that it is impossible to save the Aral, since the $200 billion required to do so is lacking. But if a plan is on hand enabling us to accomplish this for $10 million, why is it not being considered?

Kyrgyzstan

Akayev Ends Visit to Malaysia, Signs Documents

LD2307102795 Moscow ITAR-TASS World Service in Russian 0819 GMT 23 Jul 95

[By ITAR-TASS correspondent Stanislav Bychkov]

[FBIS Translated Text] Singapore, 23 Jul — During the state visit by President Askar Akayev to Malaysia, which ended today, Malaysia and Kyrgyzstan signed in the Malaysian capital agreements on trade, mutual guarantees of investment, economic, scientific, and technical cooperation.

The leader of Kyrgyzstan was received by the Paramount Ruler of Malaysia Tuanku Ja'Afar Abdul Rahman [name and title as received]. Talks were held with Prime Minister bin Mohamad Mahathir. Sources from the Malaysian Foreign Ministry told the ITAR-TASS correspondent that questions mainly of bilateral business ties and problems of international relations, including the situation in Bosnia-Herzegovina, Chechnya, and other "hot spots" in the world were discussed.

Askar Akayev visited Malaysia during a visit to the region. Before Kuala Lumpur he had been to Indonesia. From the Malaysian capital he left for the Philippines.

Troops Detain More 'Transgressors' on PRC Border

LD2407062495 Moscow ITAR-TASS in English 0511 GMT 24 Jul 95

[FBIS Transcribed Text] BISHKEK, July 24 (ITAR-TASS) — The number of people trying to cross Sino-Kyrgyz border grows. According to a statement issued on Monday by the Press Service of the group of Russian border troops guarding the border of Kyrgyzstan, more than 10 transgressors have been detained within less than two months.

The detainees are smugglers, people trying to go abroad with forged documents, and those who intend to go to foreign countries without any papers.

Unchecked Exports Leave Budget Short of Cash

LD2007163595 Bishkek Kyrgyz Radio First Program Network in Kyrgyz 1100 GMT 20 Jul 95

[FBIS Translated Text] The export of goods has been left unsupervised, and as a result considerable sums have failed to make their way into the budget. This was the conclusion drawn by Deputy Prime Minister Tagayev at a session of minister, heads of enterprises, and heads of city administrations on working out the republic's export program

According to the first deputy economy minister, exports currently make up only 12.5 percent of gross domestic product, and they fell two-fold in the [first] six months of this year. Valuable raw materials were exported to foreign countries without any supervision.

Government Forms Commission To Combat Corruption

LD2107182595 Moscow INTERFAX in English 1620 GMT 21 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] Prime Minister Apas Dzhumagulov stood at the head of the government commission for combating corruption and other economic crimes, a spokesman for the Kyrgyz government told INTERFAX.

The creation of the commission "became the president's reaction to the criticism against the government and the law-enforcement bodies, which are accused of doing nothing to combat corruption and economic crimes," said the spokesman.

IF Note: President Askar Akayev in a speech to the meeting of senior police officials in Bishkek on July 6 accused the government of failing to enforce a national program to fight against corruption and crime. Worse still, he said, there has been an increasing merger of police bodies and criminal rings.

The commission includes leaders of the Interior Ministry, Prosecutor General's Office, the state customs inspection and the state tax inspection.

It is supposed that members of the commission will hear three times a week the reports by representatives of the law-enforcement bodies on how they expose economic crimes and ensure payments to the budget, as well as payments of various taxes and duties, and prevent smuggling into the republic of alcohol, cigarettes and gasolene.

Tajikistan

Premier Receives World Bank Officials

LD2207121695 Dushanbe Radio Tajikistan Network in Tajik 0500 GMT 22 Jul 95

[FBIS Translated Text] Yesterday, Jamshed Karimov, prime minister of the Republic of Tajikistan, received Daniel Gerber, executive director of the World Bank group in the Republic of Tajikistan, and Reza Hashemi, head of the World Bank group.

In the course of a friendly conversation, issues relating to the World Bank allocating a credit to Tajikistan and the immediate arrangement and granting of financial assistance to our republic were discussed. Similarly, issues of privatization and the involvement of foreign investment for the further economic development of Tajikistan were discussed at the meeting.

The meeting was held in friendly atmosphere.

Rakhmanov-Nuri Tajik Peace Talks Discussed

NC2407074095 Moscow Voice of Russia World Service in Persian 1500 GMT 22 Jul 95

[Commentary by Sergey Viktorov]

[FBIS Translated Text] The talks between Tajik President Emomali Rakhmanov and Sayed Abdullo Nuri, leader of the Tajik opposition, talks for which the Tajik president stayed on in Tehran after ending his visit to Iran, show that the negotiations between the conflicting Tajik sides are progressing, albeit slowly. But, according to the facts, these talks became possible only through active mediation by the Iranian leadership. Apparently it was no accident that Rakhmanov met Nuri in the Iranian Presidential Palace.

After leaving Iran, Rakhmanov described the role played by Tehran and by other international mediators in the solution of the Tajikistan problem as excellent. Rakhmanov made a brief stopover in the Turkmen capital, Ashgabat, on his way home. In the joint communique issued by him and Turkmen President Saparmurad Niyazov on the Ashgabat talks, the two leaders stated that Iran, Russia, and other countries and international organizations play a constructive role in the search for peace in Tajikistan. Referring to the Tajik- Afghan border, Tajik and Turkmen Presidents Rakhmanov and Niyazov stressed a series of positive processes that can lead to greater stability. They also spoke in favor of continuing talks involving the conflicting Tajik groups.

Just as before, moving on to a new round of talks, the fifth involving the conflicting Tajik forces, is the main objective behind the current phase of talks. The temporary cease-fire agreement in Tajikistan expires on 26 August. Meanwhile, exchanges of fire in Tajikistan have not ceased and, just as before, areas in the hotbed—260 km east of the Tajik capital—remain the center of the incidents. On Tuesday [18 July] six members of the Tajik Interior Ministry were killed by opposition rebels in the area.

According to Mukhammad Said Ubaydulloyev, the first deputy prime minister of Tajikistan, this terrorist attempt was primarily aimed at upsetting the alternate round of talks involving the conflicting Tajik sides. The Tajik deputy prime minister said that with such acts, the uncompromising faction of the opposition is trying to provoke the government forces to reciprocate with military operations and then blame them for unilaterally violating the Tehran agreement on the temporary cease-fire. According to Ubaydulloyev, despite the intricacy of the military-political situation in the hotbed, additional military units have not been deployed there.

Talks To Focus on Powers of People's Congress

LD2207174295 Moscow INTERFAX in English
1501 GMT 22 Jul 95

[FBIS Transcribed Text] DUSHANBE, July 22 (INTERFAX) — The 5th round of talks between the Tajik authorities and the opposition will focus on the creation of the Congress of Peoples of Tajikistan on a parity basis, Tajik Presidential Spokesman Davlatali Davlatov said.

The agreement had been reached at a meeting between Tajik President Emomali Rakhmanov and opposition leader Abdullo Nuri in Tehran in mid-July, he added. Davlatov emphasized that the next round of inter-Tajik talks will define the powers and the composition of the opposition-proposed congress.

According to Davlatov, Rakhmanov and Nuri also touched on the refugee repatriation at their tete-a-tete meeting in Tehran.

"Over 40,000 out of 60,000 Tajik refugees officially registered in Afghanistan have returned to their fatherland," he said.

"About 10,000 refugees still remain in the Gorno-Badakhshan autonomous region of Tajikistan," Davlatov added. "All of them will be taken to their permanent locations within a month," he assured.

Davlatov said the Tehran talks had established that "the local authorities are not always ready to ensure normal living conditions to returning refugees."

"All faults have been taken under control to be corrected in the near future," he emphasized.

Islamic Movement Leader Outlines Aims

LD2407082595 Tehran IRNA in English
0722 GMT 24 Jul 95

[FBIS Transcribed Text] Tehran, July 24, IRNA — The spokesman for the Islamic Movement of Tajikistan, Akbar Tourjanzade, announced that Tajik opposition groups are not willing to gain executive power but wish to participate in at least 40 percent of their country's political power.

Speaking to the Persian-language daily IRAN, published Monday, he said, "we believe that in order to achieve a sustainable peace in Tajikistan, we should pass a two-year transition stage with the leadership of Emomali Rakhmanov and with participation of a National Reconciliation Council."

He stressed that the council should also consist of 40 percent of governement's members and 20 percent of other ethnic groups in Tajikistan.

Tajik President Rakhmanov in his last week trip to Tehran met with his Iranian counterpart President Akbar Hashemi-Rafsanjani. In a meeting held in Tehran between Tajik president and Abdullo Nuri, leader of the opposition groups, some agreements were also achieved.

The two sides underlined the need to settle their country's crisis through negotiations and peaceful means.

The daily said that Tourjanzade and other opposition groups consider Tehran agreement a 'positive' step towards achieving a national reconciliation in their country and believe that the move would be to the benefit of Muslim people of Tajikistan.

Outlining the critical situation of thousands of Tajik people who live as refugees in foreign countries particularly in the Commonwealth of independent States (CIS), Tourjanzade underlined that the National Reconciliation Council, as a first step, should declare public amnesty in Tajikistan.

"We will welcome the public amnesty to be announced by the council since we believe that, otherwise, peace would not be established in our country," the paper qouted him as saying.

But, he reiterated, we do not formally recognize the public amnesty that may be announced by the Tajik Government.

He further noted that the council, in the next stage, should formulate a new election law and make effort to reform the Constitution and the public disarming.

The public disarming in the country should be overall and should be carried out in the presence of U.N. peacekeeping forces, 50 percent of which consists of forces from Islamic states, Tourjanzade remarked.

He noted that the council would hold free elections in the country after two years.

The Islamic movement is not aimed at gaining executive power or replacing President Rakhmanov but is willing to take part in Tajikistan's political power, he stressed.

Uzbekistan

'Breakthrough' in Uzbek-U.S. Ties Noted

MM2107135595 Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 95 p 11

[Article by Vakhtang Sheliya: "Tashkent's Appeal for Washington. United States Intends To Provide Uzbekistan With Every Kind of Assistance" — from the "Departmental Supplement" section]

[FBIS Translated Text] We have gotten accustomed to all the republics of the former USSR striving to win support, primarily material support, from the West and the United States in the implementation of their reforms. They do this in different ways. Some state leaders cannot make a move without foreign advisers, while others surrender whole industries to foreign companies to manage, and yet others regularly ask for money.

Regrettably, a style of relations has been established between Russia and the West whereby aid for us is generally associated with political concessions in international relations and domestic policy. This virtually always does palpable damage to Russia's national interests.

The history of relations between the United States and Uzbekistan may serve as an example of how success can be secured in foreign policy and translated into material advantage for the state while at the same time preserving its interests and own dignity.

This July will mark a year since the intensive development of Uzbek-U.S. relations began. In 1994, as a result of three rounds of political consultations, commonality of interests and proximity of approaches on problems of global and regional security, cooperation within the framework of international organizations, the development of trade and economic relations, and also on the prevailing situation in Tajikistan and Afghanistan were placed on record.

Political relations between the two countries have opened up opportunities for contacts in other spheres. The greatest progress has been made in the sphere of trade and economic relations. The United States has granted Uzbekistan preferential trade status, two joint political and commercial risk insurance companies have been set up, and it has been decided to open a branch of the U.S.-Central Asian Enterprise Support Fund and a U.S. business center in Tashkent.

Around 10 branches of U.S. firms have opened in Uzbekistan and over 100 Uzbek-U.S. enterprises are in operation. The Uzbek National Bank for Foreign Economic Activity has established cooperation with a number of U.S. banks, including Chemical Bank, J.P. Morgan Corporation, etc.

A major Uzbek-U.S. gold extraction joint venture "Zaravshan-Newmont" was commissioned in May. This venture is one of the largest in the CIS in terms of U.S. investment. It has been agreed to build a major gas compressor station in Uzbekistan. Some $200 million will be allocated for its construction, $140 million of which will come from the United States in the form of targeted loans.

Thus it can be said with complete justification today that there has been a breakthrough in relations between the two countries. This was preceded by a long period (1991 through 1994) without proper mutual understanding between the sides, particularly on questions of domestic policy in Uzbekistan. To put it more simply, Washington would like Uzbekistan to authorize the activity of opposition parties and relax its control over the processes under way in society. At one time James Baker personally tried to persuade Islam Karimov to ease up on the opposition. At the same time hints were made to Tashkent that if it followed the West's advice it would immediately receive support from the United States and other developed countries and a generous flow of cash.

However Uzbekistan did not succumb to Western politicians' blandishments and pressure or to pressure in the Western and Russian mass media. People in Tashkent did what they thought necessary, And Uzbekistan ultimately emerged the victor.

The results of Uzbekistan's economic development to date confirm that the Uzbek model of development is viable. Uzbekistan's economic indicators today are among the best in the CIS.

Thus, for instance, on the basis of the results of 1994 production only fell by 4 percent and GDP fell by 3.5 percent. Industrial production stood at 101 percent compared with the previous year. At the same time growth was recorded in the oil extraction, gas, coal, and machine building industries: The figures were 112.1, 120, 100.4, and 110.3 percent respectively. Light-industry production stood at 107.9 percent. Agricultural gross output stood at 96.7 percent, and the budget deficit represents 3.5 percent of GDP.

During the first quarter of the year the pace of development was sustained. Industrial production stood at 83.5 percent. While the figures for the oil extraction, gas, machine building and metalworking, and light industries were 107.9, 113.6, 102.7, and 97.3 percent respectively. The figure for gross agricultural output was 100.6 percent. The budget deficit is 1.3 percent of GDP.

The rate of inflation in January, March, April, and May was as follows: 16, 7.8, 7, and 6.5 percent respectively. Despite the fact that prices of petroleum products were deregulated early in the year.

There is every indication that Washington has concluded that maintaining stability in a state in a complex region like Central Asia requires tough measures, and West European concepts of human rights are not always applicable to local conditions.

According to Western and U.S. experts, a favorable climate for investors has developed in Uzbekistan on the whole. The IMF, the European Bank for Reconstruction and Development, and Western countries and the United States have made over $1 billion in capital investments. However, it is not a question of state loans (incidentally Uzbekistan has no foreign debt). It is being allocated money for specific, promising projects — for the opening up of oil fields, the modernization of oil refineries, the construction of automobile plants, etc. Unlike many other CIS member states Uzbekistan is able to provide investors with political guarantees. The chosen model for the state's domestic system inspires confidence that investing money in Uzbekistan is a reliable, promising process.

The United States attaches particular importance to the fact that Uzbekistan, with its geographical proximity to such trouble spots as Afghanistan, is retaining its internal stability. The United States thinks that Uzbekistan is in a fairly strong position to play a role in settling these conflicts.

However, Uzbekistan's prospects of counterbalancing Iran hold the greatest appeal for Washington. This is illustrated by statements by U.S. officials, in particular Defense Secretary William Perry. Mindful of this interest and the stable progress being made by reforms in Uzbekistan one can predict massive all-around U.S. support for Uzbekistan, which does of course open up major prospects for Tashkent.

This support is timely for Uzbekistan. It will be conducive to the strengthening of its leading positions in the region and will enable it to switch to market relations with the minimum possible losses. At the same time I must stress that the promised aid is not dependent upon any conditions, as is the case for the United States in its relations with Russia, for instance. This marks a major, quite deserved success for Uzbek diplomacy.

Foreign Minister Kamilov Pays Visit to Tehran

LD2407104595 Moscow ITAR-TASS in English 0949 GMT 24 Jul 95

[FBIS Transcribed Text] TEHRAN, July 24 (ITAR-TASS) — Uzbek foreign minister Abdulaziz Kamilov, currently on a visit to Iran, inaugurated the Uzbek embassy in Tehran on Sunday [23 July]. At the opening ceremony Kamilov said that the move would promote the strengthening of relations between the two countries.

For his part, the Iranian foreign minister 'Ali Akbar Velayati, who attended the ceremony, said that the establishment of friendly relations with central Asian states is of priority importance in the Iranian foreign policy.

Early on Sunday, the high-ranking Uzbek diplomat met with the Iranian president 'Ali Akbar Hashemi-Rafsandjani. The Iranian president called on Uzbekistan to display vigilance when taking positions and making political statements, saying that the two countries should "clearly formulate their positions". The Iranian president clearly hinted at statements made by Uzbek leaders which were interpreted by Iran as Uzbekistan's intention to join Washington's embargo against Iran. These statements aroused an extremely negative response in Iran and worsened Iranian-Uzbek relations.

In this connection local observers regard the visit of the Uzbek foreign minister as an attempt to hush up the conflict and take political and economic relations between the two countries out of the deadlock.

Kamilov Denies Support for Sanctions

LD2407064695 Moscow ITAR-TASS World Service in Russian 0525 GMT 24 Jul 95

[By ITAR-TASS correspondent Oleg Kuzmin]

[FBIS Translated Text] Tehran, 24 Jul — Uzbek Foreign Minister Abdulaziz Kamilov has resolutely denied reports that Tashkent has decided to join Washington's anti-Iran sanctions. The high-ranking diplomat made this statement on arrival in Iran late on Sunday evening on an official visit.

A. Kamilov said at Mehrabad airport that during his talks in the Iranian capital he will discuss issues relating to the expansion of bilateral ties. Uzbekistan and Iran have good potential for close cooperation, although advantage has not, unfortunately, been taken of these possibilities up till now, he stressed.

In Tehran, according tot the head of the Uzbek Foreign Ministry, the problem "of settling the conflict between Uzbekistan and Afghanistan to create an atmosphere of peace and stability in the region" will be touched upon.

A. Kamilov invited Iranian Foreign Minister 'Ali Akbar Velayati to take part in the Central Asian security conference scheduled to be held in Tashkent in the middle of September.

Tashkent Welcomes Tajik Accord at Tehran Talks

LD2107180595 Tashkent Uzbekistan Television in Russian 1430 GMT 21 Jul 95

[FBIS Translated Text] The Ministry of Foreign Affairs of the Republic of Uzbekistan notes with satisfaction that, at the meeting between President Emomali Rakhmanov of Tajikistan and Sayed Abdullo Nuri, the leader of the Tajik opposition, which was held on 19 July 1995 in Tehran, a decision was adopted on the further continuation of the talks process and on settlement of the Tajik problem on the basis of political dialogue.

In connection with this, the Ministry of Foreign Affairs of the Republic of Uzbekistan greets the accord between the two sides about convening an assembly of the peoples [as heard] of Tajikistan as a consultative body, which will be a basis for the talks process and for working out a political settlement for the stabilization of the political situation in the Republic of Tajikistan, and a way to national reconciliation.

Uzbekistan expresses satisfaction of the fact that a basis for the aforementioned process was the proposal of President Islam Karimov of the Republic of Uzbekistan, which was expressed for the first time at the meeting with the leadership of the Tajik opposition, to Akbar Turajonzoda, on 3 April 1995.

The proposal about convening an assembly was subsequently handed to Mr. Ramiro Piriz-Ballon, the special representative of the UN secretary general in Tajikistan, who supported this initiative.

Uzbekistan consistently supports the process of a peaceful settlement in Tajikistan under the aegis of the United Nations.

Special Service Denies Attack Against Karimov

MK2107105895 Moscow KOMMERSANT-DAILY in Russian 21 Jul 95 p 4

[Politics Desk report: "Details of Attempt on Uzbekistan President's Life. Nobody Will Ever Know Anything"]

[FBIS Translated Text] KOMMERSANT DAILY has already reported that there was an attempt on the life of Uzbekistan President Islam Karimov at 2110 local time [in Tashkent]. Yesterday, the editors learned some details of what happened indicating that the action had been planned by people who are far from amateurs. According to some information, one of the shooters was held by the National Security Service [NSS].

In the phrase of Uzbekistan Foreign Ministry head Abdulaz Kamilov, "the contact of the car's windshield with hard objects moving at a great speed" took place as the president's motorcade was moving along a special road extending practically half way across the city. Karimov was heading home. There was firing from a roof or the roofs of high-rise buildings adjacent to the road. Experts' conclusions about the nature of the traces left on the armored windshield by the impact of two "hard objects" makes it possible to confidently claim that use was made of a weapon more powerful than regulation army weaponry. Thus, this refutes the version that this was the action of an amateur loner: only professionals have access to the arms used — notably, those who serve or served in special subunits. It is, however, impossible to obtain more precise information about what the Uzbek special services already know — they even doubt the very fact there was an attack, explaining that it has been forbidden for them to have contacts with the press on this affair.

However, KOMMERSANT-DAILY has learned from confidential sources that the president's car was shot at from two points. One of the snipers (the KOMMERSANT-DAILY informants used precisely this term) was apprehended minutes after the attack. The second one slipped away. The prosecutors office is conducting an investigation, but the information on how it is proceeding is also being withheld. A solid wall of secrecy surrounding this affair enables a guess that the public will never know either the results of the investigation or what is going to happen to the arrested person (if there is one). One proof of this is the latest statement from the NSS Press Service, which boils down to the fact that no shots were fired at all, and that the thing that hit the windshield "was not a piece of ammunition but some other object."

Armenia

Foreign Ministry Claims U.S. Pressure on Oil Fields

*LD2107162695 Moscow INTERFAX in English
1400 GMT 21 Jul 95*

[From the "Diplomatic Panorama" feature: Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] YEREVAN, July 21 (INTERFAX) - Azerbaijan's decision to annul the Iranian share in the international consortium for developing Caspian off-shore oil fields was certainly made under pressure from the United States, a senior Armenian Foreign Ministry official said in Yerevan on Friday [21 July].

He believes that Washington is out to bar Tehran from an oil deal that is lucrative both politically and economically.

At the same time the official believes that Azerbaijan yielded to U.S. pressure with great reluctance, because "it seeks not only to receive Western credits, but also to retain close ties with Iran and Turkey."

"This must be the reason for the Azerbaijani President Heydar Aliyev's proposal for transferring to Ankara's protectorate the Nakhichevan autonomous republic (an Azerbaijani enclave surrounded by Armenia and Turkey. - IF).

Baku says that it has no links with Nakhichevan, because Yerevan denies passage to people and cargoes into the enclave across its territory.

The Armenian diplomat recalled that from the first days of the Karabakh conflict Iran had declared the readiness to offer its territory to transport cargoes and fuels from Azerbaijan to Nakhichevan.

The source said that similar proposals were made by Armenia. "Yerevan even offered Nakhichevan a certain amount of electricity for the transit of gas and fuel oil from Iran for Armenian thermal power plants. However, Baku ignored all of our proposals", the diplomat said.

Foreign Minister Receives Greek Chief of Staff

NC2107205995 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 21 Jul 95

[FBIS Translated Text] Armenian Foreign Minister Vahan Papazyan received Greece's Chief of National Defense General Staff Admiral Khristos Limberis today. A number of issues of mutual interest were examined at the meeting. At the request of Admiral Limberis, the foreign minister briefed him on the present situation in the region and on the talks being held within the OSCE Minsk Group on a political settlement to the Nagorno-Karabakh conflict. Mr. Papazyan also touched upon the basic directions and priorities of Armenia's foreign policy, the existing relations with the neighboring countries, and prospects of cooperation between NATO and Armenia within the framework of the Partnership for Peace Program. He stressed the importance of Greece's support in the process of integrating Armenia into the European military and economic structures [words indistinct].

Acting Defense Minister Major General Mikayel Harutyunyan also took part in the meeting. Greece's Ambassador to Armenia Iakovos Spetsios was also present.

Greece To Boost Military Cooperation

*LD2307164195 Moscow ITAR-TASS in English
1619 GMT 23 Jul 95*

[By Tigran Liloyan]

[FBIS Transcribed Text] YEREVAN, July 23 (ITAR-TASS) — "Military cooperation between Greece and Armenia is not directed against third countries and aims at ensuring the defence capability and security of our countries," chief of the Greek general staff Admiral Khristos Limberis said as he was winding up his three-day visit to Armenia on Sunday.

Limberis's visit to Armenia at the invitation of its Defence Ministry is the first such visit in the history of relations between the two countries.

The admiral stressed that he sought to strengthen bilateral relations between the Greek and Armenian Armed Forces, adding that the talks in Yerevan were very productive and boded well for future cooperation between the armies of the two countries.

He pointed out that the future of relations between the military of Greece and Armenia is bright and promising.

Limberis noted the high morale of Armenia's people and its army, adding that they are well fit to carry out their mission of restoring peace and stability in the region.

The admiral also visited the village of Ankavan in the Razdan district where ethnic Greeks live.

Acting Armenian Defence Minister Major-General Mikhail Arutyunyan said friendship and military cooperation between Armenia and Greece aim at strengthening the defence capability of the two countries. He pointed out that both countries have "converging views" on some issues.

Limberis also had talks with Armenian President Levon Ter-Petrosyan and Foreign Minister Vagan Papazyan.

Bagratyan Reappointed Prime Minister Under New Constitution

NC2207181395 Yerevan NOYAN TAPAN in English 1647 GMT 22 Jul 95

[FBIS Transcribed Text] 21/07/95 NOYAN TAPAN — On July 22 Armenian President Levon Ter-Petrosyan issued a decree, appointing Grant Bagratyan Prime Minister.

Grant Bagratyan is 38 years old. He has been performing the duties of the Armenian Prime Minister since February 1993. The necessity of re-appointing Hrand Bagratian was caused by adoption of the new Constitution under which changes were brought into the order of formation of Government. In particular, posts of State Ministers and Chairmen of State Departments will no longer exist in a new Government.

The new Constitution was adopted in the July 5 referendum.

Further on Bagratyan's Reappointment

LD2307191995 Moscow ITAR-TASS in English 1826 GMT 23 Jul 95

[By Tigran Liloyan]

[FBIS Transcribed Text] YEREVAN, July 23 (ITAR-TASS) — Armenian President Levon Ter-Petrosyan signed a decree on Sunday reappointing Grant Bagratyan as the prime minister.

The president also asked Bagratyan to submit his proposals on the make-up of a new government within three days.

Under Article 5 of the Armenian Constitution adopted in the July 5 nation-wide referendum, the government consists of the prime minister and ministers. The positions of vice-prime ministers and state ministers have been abolished. The heads of the state committees have also been removed from the government.

The new composition of the government is expected to be announced by July 27 when the parliament will convene for its first session.

Observers do not predict radical changes in the Cabinet. They believe that Interior Minister Vanik Siradegyan and Foreign Minister Vahan Papazyan will retain their positions. Vazgen Sarkisyan is likely to be appointed the republic's defence minister. The Security Service may also be reorganised.

Bagratyan was born in 1958 in Yerevan. In 1979, he graduated cum laude from Yerevan Institute of the National Economy and in 1987 he defended a dissertation in economics. In 1990, Bagratyan was appointed as first vice-premier and head of the State Economics Committee. In February 1993, he was named to be the prime minister.

Bagratyan is a member of the ruling Armenian National Movement. He is married and has a son. The premier has a command of Russian, English and German.

Ghukasyan Leads Karabakh Delegation to Austrian Talks

NC2207194495 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0809 GMT 22 Jul 95

[FBIS Transcribed Text] Stepanakert ("AZG", "HAYASTANI HANRAPETUTYUN" dailies), 07/22/95 — The delegation of RMK [Republic of Mountainous Karabakh] left for Austria on 22 July, to participate in negotiations on resolution of the Karabakh conflict within the framework of OSCE Minsk Group, to be held in Baden on 24- 27 July.

Press service of the RMK Foreign Ministry reported that the sides will discuss their positions on essential topics, and possible ways to facilitate further negotiations.

The delegation of RMK is headed by Foreign Minister Arkadi Ghukasyan, it also includes the head of the Department of International Organizations Martin Mailyan and an expert Yuri Barseghyan.

Bagratashen Explosion Said To Be 'Organized Sabotage'

NC2207145595 Yerevan SNARK in English 1512 GMT 21 Jul 95

[FBIS Transcribed Text] Yerevan, July 21 (SNARK) — An investigating team that arrived in the Bagratashen fair, nearby a border bridge between the Noyemberian region of Armenia and the Marneuli region of Georgia, concluded that the explosion of the clock-work antitank mine had been a result of an organized sabotage.

The Press Office of the Armenian Government informed SNARK that the explosion which occurred at 1 p.m. left two men killed and over 20 wounded.

A governmental commission headed by Serzh Sargisian, chief of Armenia's State Department on National Security, has been formed to investigate the accident.

Observers Report Election Irregularities

954F2817C Yerevan VREMYA in Russian 8 Jul 95 p 1

[Report by Narina Arutyunyan: "Facts Recorded"]

[FBIS Translated Text] Only 3 percent of the constituents of almost 30 districts said "yes" to the Constitution. This conclusion was drawn by independent observers from six public organizations of the republic united in the Vote-Armenia group. The material was presented by Levon Nersisyan, general director of the Sakharov Civil Rights Foundation: "Although in many districts the vote-counting process is not complete, the legality of the elections and the referendum on the Constitution may be doubted." The observers registered glaring violations. Many of them, as Nersisyan reported, were of a criminal nature: shooting, beatings, blackmail, and the destruction of the polling stations.

Instances of canvassing in support of this party or the other (mainly among servicemen) were recorded at the time of the elections. Nersisyan also reported instances of machinations involving the electoral rolls (the so-called "carousel" system). Instances of bribery were observed: The voters were offered several thousand drams, and their telephone numbers were taken.

"The facts have been recorded in each instance," L. Nersisyan said, "and Vote-Armenia will be presenting the details and the photographic material later."

Opposition Cites Alleged Election Flaws

954F2817A Yerevan GOLOS ARMENII in Russian 8 Jul 95 p 1

[Report by A. Akopyan: "'The Results of the Referendum and the Elections Do Not Express the Real Will of the People'"]

[FBIS Translated Text] A brief public meeting of the opposition devoted to the results and the course of the referendum on the draft Constitution and the elections to the National Assembly held on 5 July took place on 6 July in Theater Square. Paruyr Ayrikyan and David Vardanyan, who spoke at the meeting, emphasized that the elections and the referendum had contained manifest violations, and they cited a number of examples. The leader of the ONS-Kh [National Self-Determination Association—Christian Democrats] announced that approximately 300 flagrant violations had been registered.

Reporting that, according to available data, the people in Yerevan had voted against the draft Constitution, in the main, they noted the possibility of a falsification of the results on the part of the Central Election Commission at this very moment. At the same time, on the other hand, D. Vardanyan declared that the opposition could together with the people halt the "creeping totalitarianism."

A statement of the Cooperation for Justice union of opposition parties adopted on 6 July was read out at the meeting. It says, in particular:

"Considering that the vote on 5 July of this year at the elections to the National Assembly and the referendum on the draft Constitution and the runup to it contained unprecedented falsification, under conditions of the use of crude force on the part of the authorities, and were accompanied by numerous instances of lawlessness and violations organized by the authorities, the Cooperation for Justice organizations declare that the results of the elections of deputies of the National Assembly and the referendum on the draft Constitution of 5 July of this year do not express the real will of the people."

Candidate Claims Election Violations

954F2817B Yerevan VREMYA in Russian 8 Jul 95 p 1

[Comment on elections by Simon Shakhazizyan: "To the Polls in Single File—Quick March!"]

[FBIS Translated Text] **The subject of the elections will, by all accounts, be topical for some time yet. Their outcome could have been foreseen, of course. Nonetheless.... How Ed. Yegoryan, chief ideologist of the AOD [Armenian Pan-National Movement], was "victorious" in the 28th Electoral District is described to a VREMYA correspondent by Simon Shakhazizyan, a candidate for deputy for this same district.**

I shall begin with the fact that a large part of the members of the precinct commissions in this district represented the AOD. This became known after registration was denied the National Union-Dashnaktsutyun bloc. The legal proceedings concerning its denial of registration were to have been held yesterday (?!), incidentally. Of the main violations, I would like to mention that the constituents were "processed" ahead of time and that people were bused in and accompanied into the voting booths, their choice being controlled through to the end. The protests of the candidates' agents were ignored here. It is known that an army unit, whose numbers were periodically "reinforced" by the delivery of servicemen from other units stationed in the city, took part in the elections of Yegoryan and the AOD in this district. But even all these machinations could not secure the requisite number of votes, since the people took part in the elections actively, in the main, and actively and angrily crossed out the AOD candidate and the AOD and expressed, as a rule, a negative attitude toward the draft Constitution. And then the commission members engaged in outright falsification. The supervision was completely neutralized by power methods: The candidates for deputy were categorically prohibited entrance to the polling station during the counting of the ballots, and the agents were kept at a "safe" distance (5-10 meters) from the tables, their being deprived of the opportunity to see for themselves the neutrality of the count. Virtually all the votes were counted in favor of Yegoryan and the AOD. Such was the victory. And it came at the price of disregard for the will of the people and the total disrepute of the very idea of elections. Democratic mechanisms are obviously powerless in the face of crude force....

Azerbaijan

OSCE Delegate on 'Useful' Visit to 'Conflict Region'

NC2107183195 Baku TURAN in English
1216 GMT 21 Jul 95

[FBIS Transcribed Text] Baku/21.07.95/TURAN — "We consider the visit to the Armenian-Azerbaijani conflict region as useful. We exchanged opinions on the key settlement problems in Baku, Yerevan and Hankendi [Stepanakert]", the representative of Russian co-Chairman of the OSCE Minsk Conference, Vladimir Kazimirov, told TURAN's correspondent.

Kazimirov pointed out that in the key problems, that is the issues on security of Nagorno-Karabakh, liberation of Lachin and Shusha as well as legal status of Nagorno-Karabakh, each of the warring sides tries to uphold its demands. "The compromises cannot be achieved on the basis of position of only one party", the Russian diplomat mentioned.

Kazimirov believes that this round of consultations was useful for the warring parties. "The parties had the opportunity to assure that the co-chairmen do not orient themselves on their extreme positions, but on something average, intermediate, what is subjected to specification", he said.

At the end of the visit the co-chairmen of the Minsk Group expressed opinion that the meeting between the warring parties, which is scheduled for July 24 in Baden (Austria), will bring more fruitful results.

On Need To Resolve POW Issue

NC2207155195 Baku TURAN in English
1031 GMT 22 Jul 95

["Keeping 98 Azeris in Nagorno-Karabakh Armenians Shake Faith in Themselves, Vladimir Kazimirov Says"—TURAN headline]

[FBIS Transcribed Text] Baku /22.07.95/ TURAN — "Active hostilities were ceased more than a year ago. The administration of Nagorno-Karabakh stated in its special statement issued in June 1994 that it will unilaterally meet all commitments stipulated by the Geneva Convention. We insist on bringing their deeds to conformity with their words. Or else they will lose the faith in the ability to undertake engagements and meet them", the representative of Russian co-Chairman of the OSCE Minsk Conference, Vladimir Kazimirov, told TURAN's correspondent.

He said Armenians of Nagorno-Karabakh, as the party to the conflict, undertake some engagements, sign the documents and agreements. "When will they meet them, if they violate even such elementary norms of humanitarian international law. We cannot agree with that and on July 24 during the forthcoming meeting of the Minsk Group in Baden we will discuss this issue", Kazimirov said.

He noted that will make every efforts to achieve liberation of all Azeri hostages and POWs.

Vladimir Kazimirov expressed regret that up to now they could not put into practice the idea of liberation of POWs and hostages in the Armenian-Azerbaijani conflict. He said that presently more than 100 persons are yet to be released and repatriated. "59 Azeris and 35 Armenians were returned to their home places. However, until now Armenians go on keeping 97 (according to IFRC [International Federation of the Red Cross and Red Crescent] — 98) Azeris in Nagorno-Karabakh", Kazimirov pointed out.

He said that during the military activities the top powers and military command of the warring parties sometimes understate their losses — they present dead persons as missed or prisoners and sometimes they really don't know anything about the fate of those people. That is why we are compelled to work with the lists of the IFRC, which define the whereabounts of concrete individuals.

Talks on Nagorno-Karabakh Settlement Open in Austria

LD2407070495 Moscow ITAR-TASS in English
0616 GMT 24 Jul 95

[By Sevindzh Abdulayeva and Viktor Shulman]

[FBIS Transcribed Text] Baku, July 24 (ITAR-TASS) — Azerbaijan will take part in a another round of talks on Azeri-Armenian settlement which opens in Baden (Austria) today. This was announced by Azeri president Heydar Aliyev during his meeting this week with the Russian and Finnish co-chairmen of the OSCE Minsk conference on Nagorno-Karabakh, Valentin Lozinskiy and Heike Talvitie. Prior to the meeting the co-chairmen had visited Yerevan and Hankendi (Stepanakert) where they held political consultations with the Azeri side on the importance of stepping up the peace process.

In the opinion of the Azeri president, the forthcoming talks should focus on the solution of key problems of the conflict. The Azeri president outlined these problems in succession: to remove Armenian armed formation from all occupied territories of the republic outside Nagorno-Karabakh and the Shusha region fully controlled by Armenia. Around 50,000 Azeris had resided there before the conflict began, which made up over a quarter of the population of the former autonomous region.

Aliyev said that at the talks Azerbaijan would insist on the return of over a million refugees to their homes. For about three years the refugees had lived in tents in poorly adjusted compounds laid out in steppe areas in different areas of the republic.

The Azeri president believes that such succession of the key problems he had suggested to be tackled during the talks is not only of principal importance for Azerbaijan, but offers a chance to resolve no less important issues, such as guaranteeing the safety of Armenians in Nagorno-Karabakh with the subsequent determination of the status of this region as part of Azerbaijan.

Novruzov Discusses Joint Border Defense With Russia

NC2107160[illegible]95 Istanbul ZAMAN in Turkish 17 Jul 95 p 4

[Interview with General Abbasali Novruzov, deputy head of the National Intelligence Department and commander of the border guards, by ZAMAN correspondents Osman Sonmez and Zeynel Abidin in Baku; date not given]

[FBIS Translated Text] Baku — [ZAMAN] There is an argument about Azerbaijan cooperating with Russia to defend its border, despite the disclosures that President Heydar Aliyev and you have made to the effect that "Azerbaijan will defend its own borders." Can you clarify this issue?

[Novruzov] Azerbaijan is an independent country and it will defend its borders. We have not signed several of the documents that were drawn up during the CIS summit in Minsk on various issues, particularly on the joint defense of the CIS borders. They conflict with our country's independence. Moscow claimed that Azerbaijan was unable to defend its border when it made its proposal on joint defense. It claimed that Azerbaijan cannot resist the provocateurs in Iran and Turkey. I asked whether any provocateur has been identified or arrested. My question went unanswered. That was because the claim was unfounded. Nevertheless, Russia has signed agreements with several other former Soviet republics on the defense of their borders. Azerbaijan has concluded agreements with Iran and Turkey on our common borders. However, it has not done so with Russia. An agreement must definitely be concluded between the two independent countries.

[ZAMAN] Does Azerbaijan have the resources it needs to defend its borders?

[Novruzov] Yes, it does. We have the strength we need to defend our borders. It is true that we have technical problems, but they will be resolved.

[ZAMAN] Russia proposed in 1994 to help Azerbaijan by installing technical equipment at the border and training cadres for it. Observers say that Russia will use that as an opportunity to deploy its military personnel in Azerbaijan. That will be the first concession it will get from your republic on the defense of the CIS borders.

[Novruzov] That is an erroneous and baseless hypothesis. Russia has supplied us with barbed wire, simple technical equipment, and military material in accordance with the agreement we signed in 1994. All that material was earmarked for the defense of our border. We have the personnel we need to use the material we have received from that country. We do not need to invite anyone to help us. The most important aspect of the agreement we reached was that the material we will receive from Russia for border defense will be exempt from taxes. Unfortunately, that has remained only on paper.

[ZAMAN] Can we assume that Azerbaijan will be able to defend its border if its technical problems are resolved?

[Novruzov] The former Soviet Union had modern technical equipment. It used extraordinary systems to defend its border. Nevertheless, it collapsed. It did not help stop its disintegration. The defense of our border with barbed wire is a provisional measure until stability is established. The borders of the developed countries are marked with symbolic lines. We hope that an imaginary line will mark our border in the future.

[ZAMAN] Can you comment on the problems the shortage of technical equipment has caused for Azerbaijan's border guards?

[Novruzov] The war that has continued for seven years has weakened Azerbaijan economically. Our people are forced to seek employment in Iran and Turkey. Meanwhile, the Mafia groups have intensified their drug trafficking activities. We have seized narcotic substances from foreign countries at our border several times. We are not very experienced in that field. Furthermore, we are short of modern technical equipment.

[ZAMAN] Can Russia's stand on the Caspian Sea's status be linked with Moscow's proposal for the joint defense of the CIS borders?

[Novruzov] No, I do not think so. The Caspian Sea was divided into several sectors during the Soviet era. Azerbaijan extracts oil in its own sector. No serious differences on territorial waters have emerged between Azerbaijan and Russia.

Turkish Protectorate For Nakhichevan Denied

LD2407135895 Moscow INTERFAX in English 1308 GMT 24 Jul 95

[FBIS Transcribed Text] Baku, July 24 (INTERFAX)—Azeri Foreign Minister Hasan Hasanov bluntly refuted "rumors spread from Armenia to claim Baku plans of (having) a Turkish protectorate of the Nakhichevan autonomous republic." "Such claims are absolutely absurd. They even do not require political comment," Hasanov told INTERFAX.

"Reports on alleged plans of a Turkish protectorate appeared right after the recent Azeri visit of Turkish Prime Minister Tansu Ciller," said Gasanov.

At the same time, he admitted that "Nakhichevan is a permanent topic in Azeri-Turkish negotiations." This autonomy borders Turkey and Armenia and does not have a border with Azerbaijan. "Nakhichevan is living with a complete transport and energy blockade done on the instruction of Armenian military-political leaders," noted the minister.

The Baku visit of Tansu Ciller discussed ways to overcome the Nakhichevan blockade through expanded Turkish economic relations with the Azeri region.

Greek Staff Chief Meets President, Foreign Minister

NC2207162395 Athens ELEVTHEROTIPIA in Greek 22 Jul 95 p 4

[FBIS Translated Text] Yerevan — Admiral Khristos Limberis, chief of the National Defense General Staff, was received by Armenian President Levon Ter-Petrosian yesterday, the second day of his visit to Armenia. They discussed issues of mutual Greek-Armenian interest as part of the coordinated policy the two countries are following in the region. The meeting was also attended by Armenian Deputy Prime Minister Vazgen Sargisian, Defense Minister Mikayel Harutyunian, and Special Adviser to President Zhirayr Liparitian.

At a separate meeting with Armenian Foreign Minister Vahan Papazian Admiral Limberis was briefed on the progress of negotiations within the Minsk initiative and the OSCE about ending the Nagorno-Karabakh conflict. The two men also discussed the prospects for Armenian cooperation with NATO within that organization's "Partnership for Peace" program. Armenia looks forward to Greece's help in joining the European military-political structures, particularly with regard to the sphere of technical preparedness.

Georgia

Pro-Georgian Abkhaz Leaders Leave for Moscow Talks

LD2307122295 Tbilisi Radio Tbilisi Network in Georgian 1200 GMT 23 Jul 95

[FBIS Translated Text] Tamaz Nadareishvili, chairman of the Supreme Council of the Autonomous Republic of Abkhazia; and Zurab Erkvania, chairman of the Council of Ministers of Abkhazia, left for Moscow today. Together with other members of the delegation of the Autonomous Republic of Abkhazia, they will hold meetings with officials of Russia's supreme authorities, deputies of the Federation Council, and the State Duma. The visit is aimed at settling the Abkhazian issue.

The information has been provided by the KONTAKT news agency.

Insist Abkhazia Remain Part of Georgia

LD2307131695 Moscow INTERFAX in English 1159 GMT 23 Jul 95

[FBIS Transcribed Text] Tbilisi, July 23 (INTERFAX) — A senior Georgian minister said a delegation he had been appointed to lead would insist at forthcoming talks with Russian leaders that the breakaway region of Abkhazia remain part of Georgia.

"Our position will remain unchanged: Abkhazia must remain part of Georgia and all refugees must be able to return to that republic," Deputy Prime Minister Tamaz Nadareishvili, head of the Tbilisi-based pro-Georgian Abkhazian parliament, told INTERFAX. "We won't go back one step on those demands."

Nadareishvili, who leaves for Moscow on Sunday, said Georgian head of state Eduard Shevardnadze, whom he met on Saturday, had called for "purely nonviolent means" to settle the conflict.

Russian MP's Support for Abkhaz Separatists Assailed

LD2107170795 Tbilisi CONTACT INFORMATION AGENCY in Russian 1430 GMT 21 Jul 95

[FBIS Translated Text] Tbilisi [dateline as received] — Sandro Kavsadze, chairman of the Committee for Human Rights and Interethnic Relations, today sent an open letter to Konstantin Zatulin, chairman of Russia's State Duma Committee for CIS Affairs and Ties with Compatriots. The letter says that Mr. Zatulin's recent visit to Abkhazia and a statement submitted by him to the State Duma aroused a fair amount of indignation, for these actions were nothing else but open support for Abkhaz separatism, which is answerable for crimes against humanity.

The letter emphasizes that Mr. Zatulin's reference to numerous requests by the Abkhaz people to have the land, which belongs historically to Georgia, integrated into Russia have no grounds at all, because the major part of the indigenous population has been driven away from their homeland.

The letter further expresses hope that sensible forces at Russia's political arena will still support the development of neighborly relations with Georgia, and will adhere to the principle of its territorial integrity.

Shevardnadze Hears Concerns of Abkhaz Refugees

LD2207125295 Tbilisi IPRINDA in Russian 1110 GMT 22 Jul 95

[FBIS Translated Text] Tbilisi, 22 Jul — The press secretariat of the Georgian head of state reports that late in the evening of 21 July, Eduard Shevardnadze met with Tamaz Nadareishvili, chairman of the Supreme Council of the Autonomous Republic of Abkhazia, Zurab Erkvania, the chairman of the Council of Ministers of Abkhazia, and a group of organizers of the sit-in protest action outside the parliament building.

Demands of the refugees from Abkhazia were discussed at the meeting. Options of securing the return of the refugees to their homes caused arguments. With regard to this, Shevardnadze said that negotiations would be held in Moscow and the solution to this problem substantially depended on the negotiations. The refugees voiced a wish to participate in the Moscow negotiations and said that prior to getting a response from Moscow the protest action could be suspended temporarily.

Tbilisi Denies Report on Opening of Russian Border

LD2107173495 Tbilisi Radio Tbilisi Network in Georgian 1400 GMT 21 Jul 95

[FBIS Translated Text] The Russian media reported yesterday and today that the Russian Government had allegedly resolved to render permission to women, children, and the elderly to travel freely as well as humanitarian goods to be carried across the Russian-Georgian border, namely along the Psou River. To verify the information, the press service of the Georgian Cabinet of Ministers got in touch with the press service of the Russian Council of Ministers and received an answer that no resolution like this had been passed by the Russian Government.

Trilateral Peacekeeping Forces To Remain in Ossetia

LD2107142995 Tbilisi IPRINDA in Russian 1230 GMT 21 Jul 95

[FBIS Translated Text] Tskhinvali, 21 Jul — An IPRINDA correspondent reports that a quadripartite Joint Control Commission on settling the Georgian-Ossetian conflict, which includes representatives of Georgia, Russia, North Ossetia and the Tskhinvali region, concluded its work on 20 July. Two issues were on the agenda of the Tskhinvali session of the commission: the stay of a joint peacekeeping contingent in the region and the status of the Tskhinvali region.

The commander of the joint peacekeeping forces, Major General Anatoliy Merkulyev says it is necessary that the amount of armaments in the peacekeepers' possession should be reduced. At the same time, speaking of material and technical supplies for the peacekeeping forces, he advises that helicopters and at least 10 cross-country vehicles be provided for patrolling the area. He also informed the session about a so-called cleansing of the personnel of the Ossetian, Georgian, and Russian peacekeeping battalions — servicemen, who were involved in combat activities during the conflict, are being discharged. The Georgian "blue helmets" have already been "cleansed;" 36 people will be discharged from the Ossetian battalion and three servicemen will be discharged from the Russian battalion. According to the general, the process of confiscating arms from the local population is extremely slow.

A proposition was voiced at the session to have the Georgian and Ossetian peacekeeping battalions disbanded and have only the Russian one retained. The proposition was opposed by Vyacheslav Gabarayev, chairman of the South Ossetian Council of Ministers. He said the joint forces had to remain there until the status of South Ossetia was specified.

Rescue Corps Goes Nonpolitical; Rejects Mkhedrioni

LD2207180495 Moscow ITAR-TASS World Service in Russian 1132 GMT 22 Jul 95

[By ITAR-TASS correspondent Albert Kochetkov]

[FBIS Translated Text] Tbilisi, 22 Jul (ITAR-TASS) — Georgia's Rescue Corps is outside politics and forms part of the republic's structure of government, Longi Chelidze, the agency's first deputy chairman, told a news conference here today.

Asked by ITAR-TASS about his agency's relationship with the Mkhedrioni paramilitary opposition, which turned itself into a political movement a few days ago, he clearly distanced himself from that organization, although he did confirm that there are large numbers of Mkhedrioni members within the Rescue Corps.

Longi Chelidze acknowledged that some of them have been charged with serious crimes but, he thought, the crimes are far fewer than those committed by Georgia's Ministry of Internal Affairs, which has had to set up a separate corrective labor colony for those convicted.

It was also explained to the media that the Rescue Corps now performs the duties of the republic's former civil defense system, and its structure is very similar to that of the Russian Emergencies Ministry. The Georgian Government has yet to endorse the Corps' standing orders, however.

Yet the Rescue Corps' past is closely linked to that of the Mkhedrioni. It was formed from armed units of the Mkhedrioni, which themselves were formed by parliamentary Deputy Jaba Ioseliani, a 68-year-old doctor of philology and one of the leaders of the January 1992 overthrow of Zviad Gamsakhurdia. Ioseliani was charged with grave crimes in his youth and, according to some observers, to this day wields considerable influence in the underworld.

The Mkhedrioni initially said their aim was to rehabilitate former convicts into society, but they later became a potent political force whose representatives today occupy senior posts within the machinery of state.

At the same time, there is a growing public perception of the Rescue Corps as a criminal outfit akin to the Mafia. This perception is rooted in a series of major campaigns by the law enforcement authorities against organized crime that led to the detention of numerous Mkhedrioni members within the Rescue Corps on suspicion of serious crimes.

Estonia

Prime Minister Discusses First 100 Days in Office

WS2107095895 Tallinn BNS in English
1633 GMT 20 Jul 95

[FBIS Transcribed Text] Tallinn, Jul 20, BNS — Prime Minister Tiit Vahi in remarks to BNS on Thursday said he saw the signing of the EU association agreement by Estonia in June as the most important step made by his government during its first 100 days in office.

Under the agreement signed in Luxembourg on June 12, Estonia became the first and so far only East European nation made eligible for EU associate member's status without a transition period.

That signature has the biggest significance for the future, Vahi told BNS.

The prime minister also called the signature of the EU association agreement a logical landmark on the track which Estonia set out on in the summer of 1992, when the country's then Foreign Minister Jaan Manitski signed a document on allegiance to EU free trade principles.

Vahi passes his 100 days in office mark Tuesday. The Cabinet was sworn in on April 17.

Addressing interior policy, Vahi said his government's biggest accomplishment in that field so far was settling of a dispute on tax money with local governments.

Under a recent agreement, the government agreed to return to local authorities 65 million kroons in tax money that it earlier had taken from them. "The state and the local governments no longer are adversaries," he said.

Also important was the government's decision not to extend the normal application period for residence and work permits, the prime minister added.

Vahi said the government now plans to pay more attention to the problems of the farm sector.

He said the ruling coalition, which comprises Vahi's Coalition party, the Rural Union bloc of farm parties and Interior Minister Edgar Savisaar's Center party, had become stronger during the government's first three months in office.

Asserting that cooperation among the coalition partners was the best possible, Vahi added that he hoped the "marriage of convenience" would last long.

He said there were no problems between the partners regarding the fulfilment of the coalition agreement and that the coalition had not backed down on its principles or promises.

Addressing the same issue in this week's edition of the Eesti Ekspress weekly, former Prime Minister Mart Laar said Vahi's government had failed on most of the objectives laid down in the coalition agreement.

Laar said attempts were evident by Vahi's government to continue the policy of its predecessors. This, however, is where it hasn't succeeded, the leader of the opposition Pro Patria party said.

"Contrary to what was promised in the coalition agreement, the government essentially put off the deadline for residence and work permit application, sweeping changes are going on in government posts, including politicizing of those posts, luxury cars are being bought instead of cutting government costs, and vast amounts of money are being spent on sumptuous office interiors," the opposition leader told Eesti Ekspress.

"It is clear that the coalition wasn't ready to govern the country," Laar said.

Laar warned that if the present government continues its what he called "policy of doing nothing," Estonia will lose the lead it has gained before the bulk of other East European nations. He also said that any delay could cause setbacks in Estonia's movement toward EU and NATO membership and, eventually, lead to grave consequences for the nation.

Vahi in remarks to BNS also spoke about negotiations with Russia. He said reaching an agreement was always difficult. "But when we have contacts, then it is also possible to find common positions in the future," he said, referring to this month's visits to Estonia by Russian Deputy Foreign Minister Sergey Krylov and one of the country's opposition leaders, Yegor Gaydar.

Vahi said his government had a positive program for talks with Russia. He said that included three main points: resolving the border issue on the basis of the Tartu peace treaty, normalization of relations, and more liberal trade regulations on the part of Russia.

Vahi's remarks indicated the government is also keen to intensify cooperation among the three Baltic nations. He called this a very important aspect of foreign policy.

The prime minister said one of the fields where pragmatic cooperation among the Baltics is vital is the implementation of a common visa regime. "If one country allows to cross its border with Soviet passports and all kinds of local permits, at the same time when others wish to have a strict visa regime, one cannot speak of a visa union," Vahi said.

Russian Membership in Council of Europe Opposed

LD2007121695 Tallinn Radio Tallinn Network in Russian 0600 GMT 20 Jul 95

[FBIS Translated Text] Estonia does not support the position of Daniel Tarschys, secretary general of the Council of Europe, who thinks Russia could be given full membership in the Council of Europe in January or February 1996. Andra Veidemann, head of the Estonian delegation to the Council of Europe Parliamentary Assembly, has stated this.

Veidemann added that the Legal Affairs and Human Rights Committee of the Parliamentary Assembly, members of which recently visited Chechnya, has pointed out in a report that it cannot see any possibility of giving Russia membership in the Council of Europe in the near future. Veidemann also said that Estonia would prefer Ukraine to gain membership before Russia. According to Veidemann, the Parliamentary Assembly of the Council of Europe will discuss Ukraine's membership at its autumn session this year.

Latvia

President, Premier Meet Interior Ministry Officials

WS2107114795 Riga LETA in English 0925 GMT 21 Jul 95

[FBIS Transcribed Text] Jurmala, July 21 LETA — The President of Latvia, Guntis Ulmanis, and the Prime Minister, Maris Gailis, addressed the meeting of senior officials form the Interior Ministry of Latvia at their semi-annual meeting in the town of Jurmala on Thursday, July 20.

President Ulmanis considers the crime situation in Latvia as critical. He said that at present it is only a guess that there are considerable money laundering operations going on in Latvia. To obtain proof and to control these operations the officials of the Interior Ministry will have to work closely with the defense forces, especially the National Voluntary Guard. Closer cooperation should improve the situation substantially, said the president.

Prime Minister Gailis noted that all the organized crime structures in Latvia are wellknown. The next step must be the isolation of these structures from society. Mr. Gailis proposes to call a special session of the Saeima (parliament) of Latvia in order to pass the needed legislation. The participants of the meeting welcomed Mr. Gailis' announcement that everybody, without exception, is equal under the law.

Interior Ministry Denies Rumors of Banking Collapse

LD2107134195 Riga Radio Riga Network in Latvian 1200 GMT 21 Jul 95

[FBIS Translated Text] The press center of the Ministry of Internal Affairs of the Republic of Latvia has issued a statement that says that the banking crisis has recently given rise to groundless rumors about a collapse of the Latvian banking system. Rumors are being spread to both the Ministry of Finance and the Ministry of Internal Affairs about possible bankruptcies of Rigas Komercbanka, Pareks Banka, Vacijas-Latvijas Banka, and Zemes Banka. In spite of the crisis and company bankruptcies, these banks are stable.

The statement stresses that the rumors about a possible bankruptcy of all the banks are of a political nature and their final aim is to create panic in society. The sources of deliberate false information will be called to account under the procedure provided for by the law.

Parliament Approves State Budget Amendments

WS2007135395 Tallinn BNS in English 1148 GMT 20 Jul 95

[FBIS Transcribed Text] Riga, Jul 20, BNS — The Latvian Saeima (parliament) passed Wednesday in the first reading the Cabinet's drafted amendments to the law on 1995 state budget.

As reported, the project provides for decreasing the state budget expenses by 25 million lats and expenses of nearly all ministries — by 5.9 percent.

The bill was passed with 38 votes for, and 33 deputies voted against or abstained from voting.

During the Saeima plenary meeting, opposition representatives protested the amendment making saying that they have been drafted without conducting a serious state budget analysis. They noted that decrese of ministries' budgets has been done technically not taking into account their real needs.

In turn, Finance Minister Indra Samite pointed out that the Finance Ministry's current "operative regime" of work, when all budget revenues are immediately spent, is not permissible because it does not allow budget establishments to plan their spendings.

These budget amendments would allow to order the situation in the state budget, thinks Samite.

Latvia's Way faction Chairman Andrejs Pantelejevs said that the Saeima opposition deputies wanted rejection of amendments "because of political ambition," as the opposition parties' representatives do not want the state budget improvement before the 6th Saeima elections.

Lithuania

IMF Officials Concerned About Rumors of Devaluation

LD2007132495 Vilnius Radio Vilnius International Service in Lithuanian 2100 GMT 19 Jul 95

[FBIS Translated Text] Now that the stabilization of Lithuania's macroeconomy has been achieved, Lithuania should continue to be guided by those principles of economic management on which the Lithuanian and IMF three-year program is based — according to a report by a Lithuanian Bank spokesman, such a point of view was voiced at the sitting held on 14 July by the executive directors of the IMF.

According to the report, the IMF executive directors said that Lithuania is one of the most progressive among countries with transitional economies and the first among the Baltic states which has signed the three-year program financed by the Extended Fund [as heard]. The fact that Lithuania has managed to reduce inflation to single digits was described as a positive achievement at the sitting.

The IMF executive directors voiced their concern about rumors on the devaluation of the litas. According to the IMF economists, the actual exchange rate of the litas is increasing. According to some directors, the nominal quotation of that litas should be changed, because this would increase confidence in the Lithuanian currency leading to decreases in inflation.

As already reported, the IMF spoke favorably about economic reforms in Lithuania and allotted an additional $32.2 million loan.

Parliamentarians Refused Visas To Visit Chechnya

LD2107113295 Vilnius Radio Vilnius Network in Lithuanian 0900 GMT 21 Jul 95

[FBIS Translated Text] Russia has refused entry visas to Lithuanian parliamentarians wishing to travel to Chechnya and the neighboring regions, although the formalities requested by the Russian Embassy have been carried out.

Seimas members Algirdas Endriukaitis and Romualdas Ozolas requested the Russian Embassy in Vilnius at the beginning of July to grant them visas for a visit to Groznyy. However, they were refused. Instead, it was suggested that they could visit other regions of Russia, although entry visas for visiting neighboring Ingushetia were also refused. The grounds given for this were that the original invitation document and not a faxed version was needed.

Algirdas Endriukaitis, leader of the international parliamentary group on the Chechnya problem, said that on 17 July, the original invitation letter from President Ruslan Aushev of Ingushetia, inviting the Lithuanian MPs to visit Nazran, was presented to the Russian Embassy in Vilnius. However, officials at the Russian Embassy in Vilnius told the Lithuanian MPs that there had been no reply from Moscow and that most likely there would not be one.

Russian Embassy Explains Violations of Airspace

LD2107133695 Vilnius Radio Vilnius Network in Lithuanian 1100 GMT 21 Jul 95

[FBIS Translated Text] The Foreign Ministry of the Republic of Lithuania received a reply from the Embassy of the Russian Federation on the violation of Lithuanian airspace that occurred on 22 and 23 June.

The Russian Embassy noted that because of poor meteorological conditions and not enough fuel for the aircraft to return to a Russian airport, the captains of the two AN-12 aircraft of the Russian Federation Baltic Air Force made an unauthorized decision to violate Lithuanian airspace.

The note says that the culprits have been punished and appropriate measures taken by the Russian Federation Defense Ministry so violations of this nature do not occur again in the future.

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